MARKET INSIGHTS

FEBRUARY 2026

LINEAPELLE

ITALY – Based on the data currently available (January–October), estimates for the performance of the Italian tanning industry in 2025 indicate an **overall decline of 5.2% in turnover and 2.6% in production volumes** compared to the previous year.

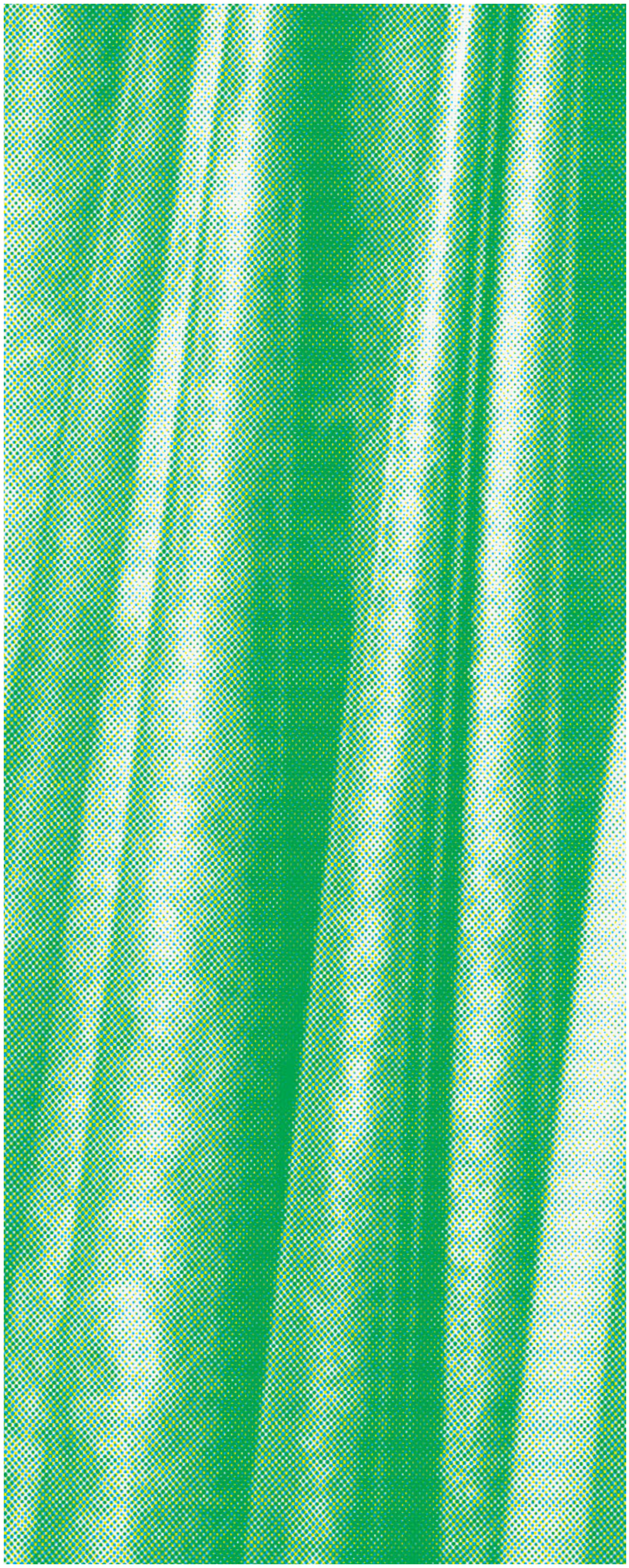
The negative trend that has characterized the tanning sector - and more broadly the entire international leather supply chain - for about three years therefore shows no sign of abating. The causes of the crisis have persisted for some time and include a geopolitical situation that remains highly critical and uncertain (even in its future developments), inflationary pressures that have significantly undermined the purchasing power of a large share of consumers worldwide, and a generalized slowdown in consumption of fashion, furniture, and automotive goods. This is compounded by a marked cooling in luxury goods purchases by Chinese consumers, who had been a strong growth driver in the pre-pandemic period.

Italian **export** of tanned leather also recorded a negative performance, with a **5.5% decrease in value** in the first ten months of last year compared with the same period of the previous one. Despite the decline in total exports, an analysis of shipments by main destination country nevertheless shows differing trends, in some cases of notable magnitude. Among the top 20 destination countries for Italian leather, exports increased towards France (+4%, confirmed as the leading foreign market), Germany (+5%), India (+12%), South Korea (+5%), Turkey (+3%), Hungary (+25%), and Cambodia (+33%), while decreases were recorded in Spain (-7%), Vietnam (-4%), China (-23%, including Hong Kong), Romania (-12%), Tunisia (-4%), Portugal (-2%), the United States (-12%), Serbia (-17%), Albania (-23%), Poland (-9%), the United Kingdom (-6%), Slovakia (-17%), and Mexico (-15%).

The performance of individual segments and production districts within the Italian tanning industry appears broadly homogeneous and generally declining. In terms of leather production by animal origin, sheep and goat leathers show, on average, slightly less negative variations than bovine, while with regard to end-use sectors, difficulties appear widespread across all types of customers. Turnover is declining in all major Italian tanning districts.

OTHER COUNTRIES – The overall picture of global sector results in 2025 currently confirms, for **bovine leather**, the negative trend already highlighted in previous surveys across all major producing countries in Europe, Asia, and Latin America. Only a few rare and partial exceptions appear in certain export data, showing increases, as in the cases of France, Portugal, and Argentina.

The situation is no different in the **sheep and goat leather** segment, which is also experiencing widespread difficulties; here too, only a few positive variations emerge in some export figures (Spain, Portugal, and Pakistan).



ACCESSORIES, COMPONENTS, SYNTHETICS

TEXTILES, SYNTHETICS AND LEATHER ALTERNATIVES – The final quarter of last year saw a slowdown in the sector, which also affected the 2025 closing figures. The annual aggregate figures were mixed for European manufacturers, with sharp declines in Germany and France that could not be offset by the growth in Italy and Portugal. In the annual comparison, the best trend is seen for synthetic fabric materials, while synthetics, which are in decline, are affected by the collapse in Germany. Regenerated leather fibres are a source of concern, with a double-digit loss in the period.

ACCESSORIES AND COMPONENTS – The last quarter of the year reveals a mixed picture at EU level and confirms that 2025 will be a critical year overall for the accessories and components sector, although some EU manufacturers have made up losses recorded during the year just concluded (German and Spanish manufacturers in particular). However, the persistent declines in France and Italy are still a cause for concern. The sector breakdown still favours small metal parts, the best performer in the sector, while other accessories and footwear accessories and components are lagging behind.

MANUFACTURING SECTORS

FOOTWEAR – The general picture remains complex for the **Italian footwear sector** as a whole, with no exception even for the highest end of the market, although there are first signs of recovery that offer a glimpse of light at the end of the recessionary tunnel. Despite expectations that the negative trend would ease, 2025 ended with widespread declines also for all major EU footwear manufacturers. The international scenario was also discouraging, with India and Vietnam being the only positive exceptions.

LEATHER GOODS – At the end of the year, the trend for **Italian leather goods sector** improved but did not reverse the negative trend, suffering above all from difficulties on the export side. There were ups and downs across the European leather goods sector in the last quarter of the year as well. Although there are some signs that the crisis in the European leather goods sector might be easing off towards the end of 2025, this hasn't been enough to reverse the overall downward trend. Outside Europe, it's a two-speed story, with China struggling and emerging markets showing moderate growth.

GARMENTS – European leather clothing manufacturers are confirming their success, closing the last quarter of 2025 with positive results. The excellent performance of Italian and Portuguese companies corroborates the growth of the sector at European level, which closed 2025 up 8% compared to 2024 despite the sluggish performance of German and Spanish companies. The outlook outside the EU is also encouraging, with increases seen across the board for Chinese, Indian and Pakistani manufacturers.

UPHOLSTERY – **Upholstered furniture** slowed down at the end of 2025, closing the last quarter of the year in negative stability, mainly due to difficulties in Germany. In fact, the slump in Germany compromised the annual performance of the sector as a whole at European level (EU average -3%), despite the good performance of Italian manufacturers. China and the US also slowed down, with the former down by 8% on 2024 and the latter remaining stable but negative. There are some signs of recovery for the ***automotive sector*** after several sluggish quarters: the European market closed 2025 with less than 11 million new car registrations but still recorded a positive variation of 2% compared to the January-December 2024 period. In Italy, compared with 2019, new car registrations in 2025 were 20.4% lower than pre-pandemic volumes, despite the sector's push at the end of the year just ended. Outside Europe, new car registrations are up in the UK (+3%), the USA (+2%) and India (+5%). In contrast, China slumped (down -10%).

LUXURY BRANDS – 2025 ended on a rather turbulent geopolitical and economic note, testing the resilience of the EU's major luxury fashion brands during the period. **LVMH**'s revenue trend remained stable, closing with a result of -1% (at constant rates) compared to 2024 and growth of 1% in the last quarter of the year, which has just ended. The Fashion & Leather Goods segment recorded a decline in revenues in 2025 (-5% compared to 2024 at constant exchange rates), but with an improvement in the second half of the year. The US and Asian markets performed well. However, there were some critical issues for the European market, which declined in the second half of the year, and Japan. **Kering's** revenues dropped 10% in 2025 (on a comparable basis). In the fourth quarter of the year we just wrapped up, though, the group's turnover was down 3%, showing a gradual improvement overall toward the end of the year. Gucci continues to struggle, losing 19% of its revenues in 2025, with moderate declines also for Yves Saint Laurent and the group's other smaller brands (-6% at constant rates). Bottega Veneta, on the other hand, continues to perform positively (3% increase in turnover in 2025). **Ferragamo** is slowly recovering, recording preliminary consolidated revenues in the fourth quarter of 2025 down by 2% (at constant exchange rates) compared to the fourth quarter of 2024. Overall, preliminary consolidated revenues for the 2025 financial year were down by 3.8% (at constant exchange rates). In 2025, net sales declined in Europe, the Middle East, Africa and Asia Pacific, while they grew in the Americas.