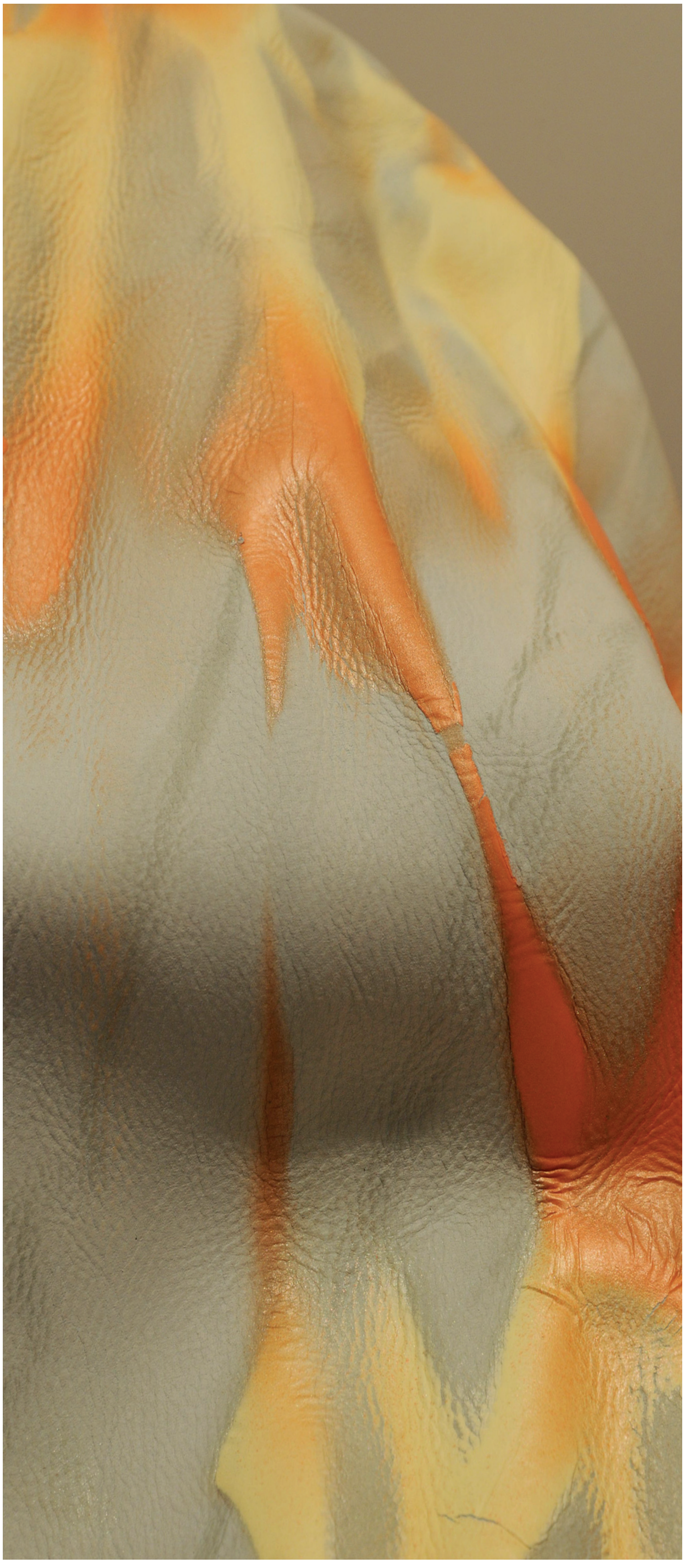
MARKET INSIGHTS

SEPTEMBER 2026

LINEAPELLE

ITALY – Current estimates for the Italian tanning industry in the first half of 2026 indicate an overall decline of 6.4% in **turnover** and 5.2% in **production volumes** compared with the same period last year.
The negative trend affecting the tanning industry - and, more broadly, the entire international leather supply chain - for almost four years therefore continues. The reasons behind the persistent **market weakness** remain largely unchanged from those identified in previous market analyses and are primarily rooted in the **global geopolitical situation**, which continues to be highly challenging and uncertain in terms of future developments. The inflationary trend also shows no clear signs of easing and continues to significantly constrain the purchasing power of a substantial share of consumers worldwide, particularly when it comes to spending on fashion, furniture and automotive products.
Italian exports of leather have also recorded negative results, with an overall decline of 4.9% in value compared with the same period last year.
An analysis of **shipments by major destination market** shows that only 4 of Italy's top 20 export destinations did not record a decline: France (+8%), which is increasingly consolidating its position as the leading destination for Italian leather exports; Portugal (stable); Turkey (+2%); and Cambodia (+40%).
Exports declined to Spain (-4%), Vietnam (-8%), Germany (-2%), Romania (-13%), China (-8%, including Hong Kong), the USA (-1%), Tunisia (-11%), Serbia (-14%), Albania (-3%), Poland (-21%), the United Kingdom (-6%), South Korea (-5%), India (-20%), Hungary (-21%), Slovakia (-5%) and Mexico (-6%).
Unfortunately, an analysis of the **performance of the individual segments and production districts** of the Italian tanning industry reveals no exceptions to the overall negative picture outlined above.
One of the few positive developments is the improvement in short-term market dynamics recorded in the second quarter of the year compared with the first quarter.

OTHER COUNTRIES – An analysis of **medium and large bovine leather** production in the first part of 2026 also reveals a broadly negative picture across the rest of Europe. Exports from Austria, the Netherlands, Portugal and Poland declined by double digits, while negative results were also recorded in Germany and Spain. Only France and the United Kingdom posted growth.
Outside Europe, the picture is more mixed, with export declines in India, Brazil, Pakistan and Turkey, while China, Mexico and Argentina recorded recoveries.
Export trends also varied across the **small-skins leathers segments**. **Calf** leather recorded positive results in both France and Spain, while **sheep and goat** leather exports increased in Spain, China, Pakistan and the United Kingdom, but declined in France, India and Turkey.



ACCESSORIES, COMPONENTS, SYNTHETICS

TEXTILES, SYNTHETICS AND LEATHER ALTERNATIVES – The Germans' six-month slump is dragging down the EU overall average, which remains stable thanks to the resilience of the Italian and Portuguese manufacturers. The synthetics have performed well in the year-to-date figures for 2026, whilst synthetic fabric materials have slowed to a negative standstill. Critical issues are affecting regenerated leather fibres, with all major EU producers reporting a decline in results over the period under review.

ACCESSORIES AND COMPONENTS – Despite the upturn in Germany and Romania, and a slight improvement in the sector in the second quarter of this year, the EU accessories and components sector average closed the first half of 2026 in negative territory (-2 %), weighed down by declines among the other major European players, particularly Italy and France. A sector-by-sector breakdown once again favours small metal parts, whilst other accessories are struggling. Downbeat performance from other footwear accessories and components, which saw double-digit declines at EU level over the period.

MANUFACTURING SECTORS

FOOTWEAR – The glimmer of recovery for the **Italian footwear sector** in early 2026 already appears to have faded; the cumulative figures for the first six months of this year now show a further contraction in the sector, a trend echoed by other major European footwear manufacturers. Indeed, there appears to be no relief from the troubles facing the European footwear sector, which, after so many poor quarters, has also concluded the first half of this year with marked and widespread declines. The performance of the major Asian competitors, Turkish manufacturers and South American producers has also been generally negative, with the exception of Mexico, which is on the rise.

LEATHER GOODS – Similarly to what happened in the footwear sector, the **Italian leather goods** sector also confirms the ongoing critical issues observed between the end of last year and the first part of 2026. The EU leather goods sector as a whole is struggling, with lower results for most European manufacturers, despite the notable exception of France, which saw a 4% increase. The picture outside the EU also reflects the sector's difficulties, with marked and widespread declines, apart from Pakistan, which experienced growth.

GARMENTS – The performance of European packaging manufacturers has been encouraging, with widespread growth in the first six months of this year, although significant exceptions to this trend do exist. The picture is mixed beyond the EU's borders, where Turkish and Indian players are struggling, whilst Chinese and Pakistani manufacturers are experiencing significant growth.

UPHOLSTERY – The sharp slowdown in the **upholstered furniture sector** at EU level is a cause for concern, with marked declines for all major EU manufacturers, particularly in Italy and Germany. This is also a critical moment for China, which has seen a significant decline in the year-to-date figures for 2026. The United States offers some reassurance, with figures on the rise. The ***automotive sector*** is regaining momentum at EU level in the year-to-date figures for 2026, with new car registrations rising in all major European markets. However, whilst the first half of the year shows positive growth, the second half of 2026 is expected to see a slowdown, with registrations totalling over 10.8 million units – just 0.5 per cent higher than 2025 volumes. Beyond Europe's borders, US new car registrations are down (-3%). China, on the other hand, has seen a double-digit slump (-26%). The Indian market is performing very well, with registrations up by 19%. UK registrations rose by 9% over the period.

LUXURY BRANDS – The geopolitical and economic landscape facing the leading luxury brands in 2026 remains uncertain. Positive signs are emerging for the traditionally more resilient players, whilst others are struggling to return to profitability after multiple quarters of declines. Thanks to an acceleration in the second quarter of 2026, organic growth by French giant **LVMH** rose in the first half of 2026: +2% compared with 2025. Demand from the US market is driving growth in the fashion and leather goods division (+1% in the second quarter of the current year), although the half-year figures are unchanged from the first six months of last year (organic growth of -1%). The **Kering** Group has reduced its losses, closing the second quarter of 2026 at +2% (at constant exchange rates) and with cumulative growth remaining stable in the first six months of the year (+1% compared with the same period in 2025). The group's fashion and leather goods division is slowly recovering (-1% in the first six months) despite persistent difficulties faced by Gucci (-5% in revenue in the first half of the year, at constant exchange rates). YSL and Bottega Veneta, on the other hand, performed well. **Hermès** once again posted excellent results, growing by 6% in the first half of the current year (at constant exchange rates). Sales figures were favourable in all major geographical regions with the exception of the Middle East, which saw a slight decline (-4%) Japan, however, performed very well (+11%), as did the United States (+15%). The leather goods and saddlery division posted solid growth: a cumulative increase of 10% for 2026, with slightly higher growth in the second quarter of the current year. **Ferragamo's** recovery was cautious but steady, with revenue rising by 5% in the second quarter of the year, bringing the half-year total for 2026 to +2% (at constant exchange rates). Sales growth in North America was significant. The footwear division performed well (sales up 6% in the first six months of 2026); leather goods, by contrast, struggled (-3%). The **Prada** Group continues to thrive, closing the first half of the year with a 5% increase in revenue (at constant exchange rates), following a 7% rise in the second quarter of 2026 alone. Prada performed well (+3% sales in the half-year, +6% in the second quarter). Miu Miu also saw growth (+2.5% in the first six months of the year, +3% in the second quarter of 2026). Growth was excellent in the Americas (+17%) and in Asia-Pacific (+6%), whilst there were some signs of weakness in Europe (-4%) and a sharp decline in the Middle East (-24%)