

MARKET INSIGHTS

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LINEAPELLE

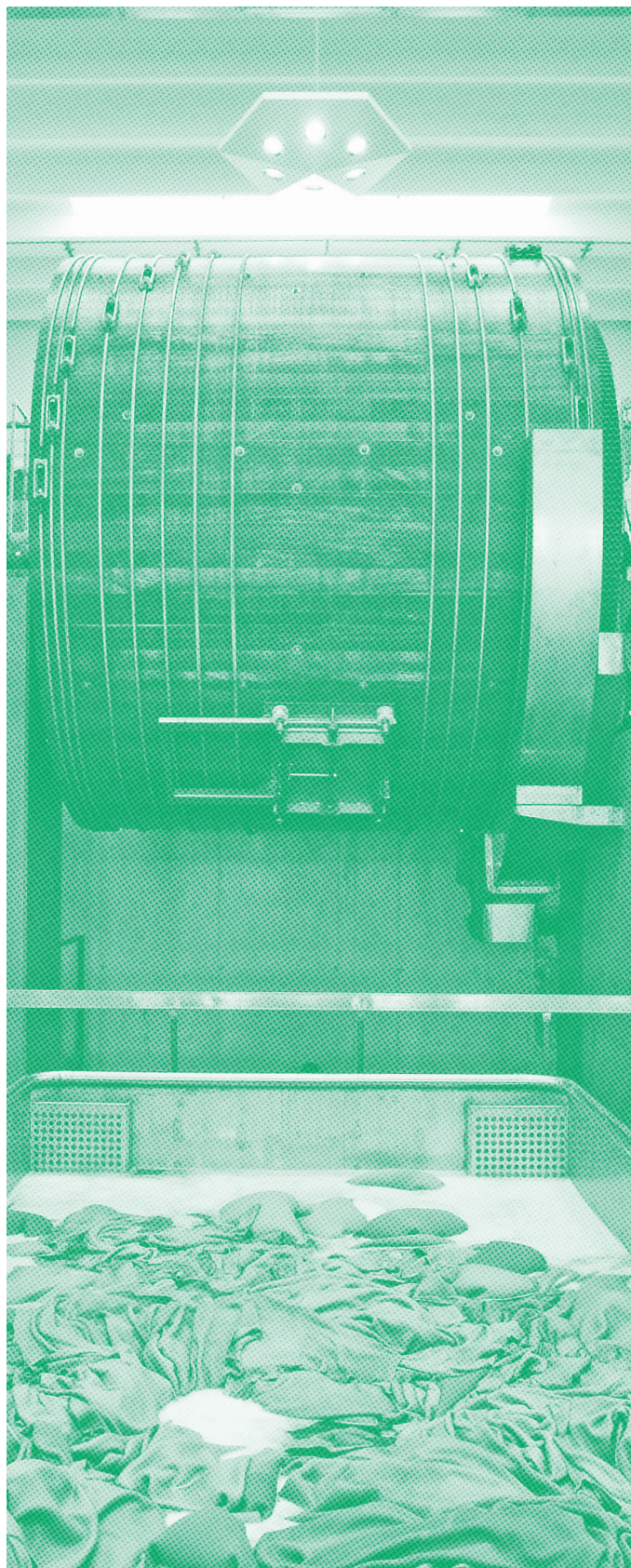
ITALY – The current estimates on the performance of the Italian tanning industry in the first half of 2025 mark an overall **decrease** of 4.6% in terms of **turnover** and 2.3% in **production** volumes compared to the corresponding period last year.

The negative trend that has characterized the tanning sector and, more generally, the entire international leather supply chain for approximately three years has not stopped. The reasons for the crisis have persisted for some time and include a geopolitical situation that is always highly critical and uncertain in future developments, an inflationary trend that has severely undermined the purchasing capabilities of an important part of consumers at a global level and a generalized slowdown in the consumption of fashion, furniture and automotive goods, combined with the marked cooling of purchases of luxury products in some of the above mentioned sectors by Chinese consumers (a strong growth driver in the pre-pandemic period).

Italian **export** of tanned leather also recorded a negative sign, with a decrease of 4.7% in value in the first six months of the year, compared to the same period last year. Despite the decline in total exports, the analysis of individual shipments by main country of destination still shows different trends, even of a non-secondary intensity. Among the top 20 foreign destination countries for Italian leather, France (+3%, confirmed as the first foreign destination), Germany (+6%), Portugal (+2%), India (+25%), South Korea (+14%), Hungary (+29%), Cambodia (+20%) are on the rise, while Spain (-6%), Romania (-8%), US (-11%), China (-29%, including Hong Kong), Serbia (-15%), Albania (-11%), Poland (-9%), UK (-7%), Slovakia (-15%), Mexico (-22%) are decreasing. Vietnam, Tunisia and Türkiye are stable.

The performance of the **single segments and production districts** of the Italian tanning industry appears substantially homogeneous and broadly declining. In terms of production by animal origin, sheep and goat leathers show, on average, only slightly less negative variations than bovine leathers, while, in terms of destination sectors, the difficulties appear to be widespread across all types of customers. The turnover of all the main national tanning districts is decreasing.

OTHER COUNTRIES – The picture of **medium-large bovine leather** production in the first part of 2025 offers an almost exclusively downward picture, both as regards the rest of Europe (with even double-digit drops in Austria, Germany, Spain, France and the UK) and the other world areas (also in this case significant drops everywhere, except apparently in Argentina). The small leathers segment appears more varied in terms of results, with **calf leather** going against the trend, with a slight positive sign, both in France and Spain, and **sheep and goat leathers** recording increases not only in the aforementioned European players but also in India and Pakistan (China and Türkiye most suffering).



ACCESSORIES, COMPONENTS, SYNTHETICS

TEXTILES, SYNTHETICS AND LEATHER ALTERNATIVES –

There were mixed results for the sector in the first six months of this year. The slowdown among major European producers had a negative impact, despite the resilience of Italian and Portuguese manufacturers. The trend in the various segments reflects the overall performance, with declines in synthetic fabric materials accompanied by stagnant results for synthetics. Regenerated leather fibers performed well, showing an increase.

MANUFACTURING SECTORS

FOOTWEAR – After a dull 2024, deeply affected by an unfavourable geopolitical context that negatively impacted exports, the **Italian footwear sector** also recorded weak performance in the first half of 2025: uncertainty linked to US tariffs, ongoing conflicts, market volatility, and low consumer confidence are the factors weighing on the sector's performance. Six-month comparisons show mixed results for the European footwear industry (-3%). France is struggling, while Spain is limiting the damage. Turkey is facing difficulties. Results in China and Mexico remain stable. Brazil has regained momentum. India and Vietnam are on the rise.

LEATHER GOODS – The **Italian leather goods industry** continues to experience the difficulties observed between the end of last year and the first part of 2025, with declining results in terms of exports, domestic sales, and industrial production. At the EU level, the partial cumulative figure for 2025 confirms the signs seen in previous quarters, with all major European producers deep in the red. On the other hand, Turkish leather goods manufacturers are expanding, as are their Indian counterparts. Uncertainty surrounds China and Pakistan, with the latter experiencing negative stability.

GARMENTS – The performance of EU manufacturers in the first six months of this year was positive (+7%), benefiting above all from strong growth in Italy and Spain. On the global picture, India and Pakistan slowed down, while Turkey and China remained bullish.

UPHOLSTERY – The semester comparison shows encouraging signs for European **upholstered furniture** manufacturers, with German manufacturers also gaining ground. However, the six-months figures for 2025 compared to 2024 in China and the US are cause for concern, showing declines of between 3% and 4%. The half-year trend of the **automotive sector** closely mirrors that of the previous two quarters, with significant declines in sales and new car registrations in Germany, Italy, and France, among the largest EU countries. Spain bucks the trend. The international outlook shows

ACCESSORIES AND COMPONENTS – The half-yearly performance of accessories and components was rather gloomy compared to the same period in 2024. The collapse of Italian and German production dragged down the EU average (-5%), with all major EU producers in decline except for Romania. All sectors of the industry suffered, with no remarkable exceptions.

growth in US registrations (+4%). However, China (-6%) and India (-12%) are slowing down. UK registrations are doing well: +4% over the period.

LUXURY BRANDS – The unstable geopolitical and economic context is weighing on the financial reports and performance of major European luxury fashion brands, with a few notable exceptions. The medium/long-term outlook remains cautious and rather conservative. Revenues declining by 4% in the first half of 2025 for **LVMH** (in terms of organic growth). Meanwhile, the performance of the fashion and leather goods segment is worsening: -7% compared to the first six months of 2024 and -9% compared to the second quarter of last year. **Kering's** performance in the first six months of 2025 remains very negative, with revenues down 15% (at constant rates). Gucci sank (-25% in revenues in the first half at constant exchange rates), Yves Saint Laurent fell 10%, and the group's smaller brands also declined (-14%). The only certainty is Bottega Veneta, which closed the half-year with a moderate +2%. **Hermès** confirms its resilience, reporting 7% growth in revenues in the first half of 2025 (at constant rates). At the end of June, all major markets were up: Asia (excluding Japan) +3%, Japan +16%, Americas +12%, Europe (excluding France) +13%, Middle East +17%. Solid growth in the leather goods and saddlery division: +12%. **Ferragamo** was weak in the first half of 2025 (-7% at constant exchange rates). Net sales declined in the EMEA countries (-9% at constant exchange rates), North America (-2%), Central and South America (-3.5%), Asia Pacific (-16%), and Europe (-9%). Sales in the leather goods sector remained stable in the half-year comparison (-0.2% at constant exchange rates), while footwear sales declined (-13%). Positive first six months for **Prada group**: net revenues up 9% (at constant exchange rates). Prada demonstrated stability against a challenging basis of comparison, with retail sales down 2% year-on-year in the first half 2025 and down 4% in the second quarter. Miu Miu continued on its growth path, with retail sales up 49% in the first half and +40% in the second quarter. Retail sales trended positively across all key markets (+10%).