



AIMPES

Associazione Italiana Manifatturieri Pelli e Succedanei

LEATHER GOODS SECTOR FINAL RESULTS for 2015 and the 1st QUARTER of 2016

In 2015, the sector again benefited from the boost generated by foreign turnover (total value of 6.5 billion in exported goods). This led to increased production, it consolidated the positive result of the balance of trade and it energised many businesses that found a natural outlet in international markets for their products, which are having a very difficult time in the Italian market.

Even though in the last 3 or 4 months of the year **the driving force of foreign demand weakened in the luxury and high-end goods sector, the year still closed with a 6% increase in value and a 3% increase in volume**, leading to a **3.9 billion surplus on the balance of trade**. Estimated production for 2015 is **7.2 billion**, while domestic sales dropped by **2.7%** in value and **2.3%** in volume, giving a **total expenditure of 1.6 billion**.

KEY FIGURES FOR THE SECTOR – YEAR 2015

Businesses	4,735
Employees	33,000
Sector turnover	€7.2 m
Export sector	€6.5 m
Import sector	€2.6 m
Trade balance for the sector	€3.9 m
Expenditure for the sector	€1.6 m
Average purchase price	€42.18
Average price variation	+0.2
% Exports on turnover	90%



AIMPES

Associazione Italiana Manifatturieri Pelli e Succedanei

1st Quarter 2016

The slow down in the luxury sector is confirmed by the performance of exports in the first three months of 2016, with a temporary change to the positive trend of recent years: **foreign turnover, amounting to 1.6 billion, experienced a very small decrease of 0.05%.**

In particular, **genuine leather goods were down 3.3% and women's bags down 1.7%**: indeed, it is precisely in the leather sector that the most notable trends for the luxury market have been seen, including women's bags, which have seen an average price drop of **0.8%**.

In general, for all the leather goods production segments using genuine leather, there is a notable slow down with highs starting at **-14%** for work items and briefcases, and lows, as mentioned previously, for handbags.

Synthetic products are experiencing an overall **increase in turnover of +12 %**, and a particularly significant increase for **small synthetic leather goods (+22%)**.

According to some estimates, **leather goods represent around 30% of total sales for the luxury market**; we mentioned earlier how this figure, driven by sales in the USA and Japan, experienced a slow down between the end of 2015 and the first part of this year. However, in the meantime, consumers have become more interested in small-to-medium scale brands and those with a strong artisanal ethos matched by a fair quality-price ratio and perceived, because of their niche specialisms, as exclusive.

However, the sector's strong inclination towards exports, with almost **90%** of turnover in international markets, was confirmed again in the first three months of 2016: whereas on the one hand the value of sales remained stable (**-0.05%**) compared to the same period last year, with **1.6 billion** in exports, on the other, the volume of exports has grown at strong pace, with a positive result of **7.6%**.

Here also, genuine leather goods are experiencing a slow down with a **3%** drop compared to the positive performance of sales by volume for synthetic products (**+11.7%**).

The average export price in 2016 experienced an overall drop of **7%**; in particular, genuine leather goods fell by **3.5%**; for women's handbags, the average price fell from **€100.60 to €98.20**, while for those in genuine leather it fell by **1.2%** with an average price of around **€181**.

MARKETS

The slow down in luxury is reflected in one of the markets that in recent years has made a significant contribution to maintaining the demand for high-end products: the **United States** saw decreasing turnover in this sector with a drop of almost **11%** compared to 2015.

However, the American market has seen a rise in the volume of purchases from Italy (**+2.2%**), meaning that the interest of American consumers in high quality, well-designed, Italian leather goods remains strong.

Italy is the second largest contract supplier of leather goods in the world after China, with turnover in 2015 of **560 million**, equating to a share of almost **10%** of total Italian exports for the sector.

In the first quarter of 2016, even with the contraction described above, export turnover in the **USA** reached **133 million**, putting the USA in fourth place among the sector's leading markets.

It was a reassuring first quarter for sales in **Japan** where Italy is the second largest supplier.

Exports reached over **122 million**, with an increase of just under **13%** matched by an increasing trend in exports by volume also.

AIMPES

20122 MILANO (ITALY) - VIALE BEATRICE D'ESTE, 43
TELEFONO +39.02.58451.1 - TELEFAX +39.02.00625.813
CODICE FISCALE: 80046650158
HTTP://WWW.AIMPES.COM
E-MAIL: SEGRETERIA@MIPEL.IT





Associazione Italiana Manifatturieri Pelli e Succedanei

In general, the increase in turnover of Made in Italy fashion and leather goods in particular, meant a recovery for the yen that strengthened the positive economic climate, considering that the euro has recently fallen by around **10%** against the yen.

The mix of exports to this market shows a strong element of high-end and luxury goods, with an average price of over 200 euros, representing an increase of 10% on 2015.

China has shown a notable drop in turnover of **(-15%)**, which emphasises, in this case, a trend towards more restrained purchases of luxury and brand items; meanwhile, exports by volume have increased by **11%**.

Chinese purchases from Italy, therefore, are based mainly on the less expensive market segment, even though there is an increasing phenomenon, defined by some as reverse relocation, whereby Chinese labels entrust the production of their own high-end goods to specialist Italian producers with a focus on quality: a system, perhaps a unique one, which allows small Italian producers to enter the Chinese market and it is also the only way for Chinese brands to improve the positioning of their own goods thanks to the high quality of Italian manufacturing.

Hong Kong is the fourth largest market for Italian leather goods with **turnover of almost 148 million, 6%** growth and near stability in terms of the volumes exported **(-0.6%)**.

In Europe, sales rose in **Germany (+15%)**, **Spain (+7.6%)** and **France (+5.2%)**, while there was a slow down in the **United Kingdom (-61%)**, which had consistently shown growth in the last three years.

After two years of dramatic falls, turnover in the **Russian Federation is stable (-0.1%)**, with volume showing a sharper drop **(-3.6%)**.

Statistics attached.

PROMOTED BY:



LEATHERGOOD SECTOR
JANUARY-MAY 2016

EXPORTS BY PRODUCT GROUPS AND MATERIALS USED									
in euro									
JANUARY - MAY 2016									
PRODUCT	TOTAL			LEATHER			SUBSTITUTES		
	2015	2016	%CHA	2015	2016	%CHA	2015	2016	%CHA
Underarm folders and briefcases	74.609.996	70.000.595	-6,18%	38.830.915	31.519.131	-18,83%	35.779.081	38.481.464	7,55%
							0	0	
Suitcases and travel items	165.093.611	151.891.184	-8,00%	90.016.796	76.804.692	-14,68%	75.076.815	75.086.492	0,01%
							0	0	
Bags	1.708.663.105	1.701.094.840	-0,44%	1.352.061.035	1.333.940.341	-1,34%	356.602.070	367.154.499	2,96%
							0		
Small leather goods	451.041.067	438.289.807	-8,84%	355.898.925	324.441.132	-8,84%	95.142.142	113.848.675	19,66%
								0	
Belts	176.638.791	160.172.676	-9,32%	176.638.791	160.172.676	-9,32%	0	0	0,00%
								0	
Musical instrument containers	625.006	505.017	-19,20%	0	0	0,00%	625.006	505.017	-19,20%
Other leather items	86.357.493	109.378.906	26,66%	86.357.493	109.378.906	26,66%	0	0	0,00%
TOTAL	2.663.029.069	2.631.333.025	-1,19%	2.099.803.955	2.036.256.878	-3,03%	563.225.114	595.076.147	5,66%

EXPORTS BY PRODUCT GROUPS AND MATERIALS USED

in Kg
JANUARY - MAY 2016

PRODUCTS	TOTAL			LEATHER			SUBSTITUTES		
	2015	2016	%CHA	2015	2016	%CHA	2015	2016	%CHA
Underarm folders and briefcases	4.025.674	4.113.495	2,18%	280.251	274.301	-2,12%	3.745.423	3.839.194	2,50%
Suitcases and travel items	2.846.928	2.606.346	-8,45%	464.867	410.562	-11,68%	2.382.061	2.195.784	-7,82%
Bags	9.891.633	10.636.755	7,53%	5.449.180	5.528.193	1,45%	4.442.453	5.108.562	14,99%
Small leather goods	4.079.104	4.840.807	18,67%	1.152.851	1.166.012	1,14%	2.926.253	3.674.795	25,58%
Belts	1.437.110	1.273.523	-11,38%	1.437.110	1.273.523	-11,38%	0	0	0,00%
Musical instrument containers	15.428	21.081	36,64%	0	0	0,00%	15.428	21.081	36,64%
Other items	1.116.087	1.288.203	15,42%	1.116.087	1.288.203	15,42%	0	0	0,00%
TOTAL	23.411.964,00	24.780.210,00	5,84%	9.900.346	9.940.794	0,41%	13.511.618	14.839.416	9,83%

EXPORTS TO MAIN COUNTRIES				
in euro				
JANUARY - MAY 2016				
COUNTRIES	2015	2016	%CHA	% SHARE '16
Switzerland	471.146.891	468.468.729	-0,57%	17,80%
France	303.318.882	312.025.358	2,87%	11,86%
Hong Kong	219.500.586	230.008.593	4,79%	8,74%
United States	257.770.764	227.489.447	-11,75%	8,65%
Japan	171.367.203	193.560.231	12,95%	7,36%
Germany	146.000.981	160.681.598	10,06%	6,11%
United Kingdom	149.723.157	141.408.349	-5,55%	5,37%
South Korea	148.921.774	133.416.428	-10,41%	5,07%
China	121.162.166	104.009.818	-14,16%	3,95%
Spain	68.789.225	61.724.411	-10,27%	2,35%
Netherlands	55.101.562	53.931.276	-2,12%	2,05%
Singapore	50.198.061	49.078.126	-2,23%	1,87%
Russia	40.172.460	42.089.080	4,77%	1,60%
United Arab Emirates	38.786.237	30.672.613	-20,92%	1,17%
Austria	26.128.337	26.456.787	1,26%	1,01%
Belgium	19.348.410	19.284.909	-0,33%	0,73%
Canada	16.047.618	19.118.999	19,14%	0,73%
Taiwan	25.255.808	18.660.377	-26,11%	0,71%
Poland	15.016.558	17.151.331	14,22%	0,65%
Australia	17.532.992	16.916.150	-3,52%	0,64%
Greece	16.195.793	15.879.322	-1,95%	0,60%
Turkey	16.485.921	14.613.965	-11,35%	0,56%
Saudi Arabia	11.277.887	10.768.380	-4,52%	0,41%
Denmark	7.109.377	7.474.759	5,14%	0,28%
Croatia	4.796.209	5.654.976	17,91%	0,21%
Ukraine	4.069.458	4.132.949	1,56%	0,16%
Brasil	4.819.322	3.173.633	-34,15%	0,12%
Kazakhstan	2.144.929	1.927.362	-10,14%	0,07%
Rest of the world	234.840.501	241.555.069	2,86%	9,18%
TOTAL	2.663.029.069	2.631.333.025	-1,19%	100,00%

EXPORTS TO MAIN COUNTRIES				
in Kg				
JANUARY - MAY 2016				
PAESI	2015	2016	% VAR	% QUOTA '16
Germany	2.985.827	3.440.018	15,21%	13,88%
France	2.876.245	3.060.720	6,41%	12,35%
Switzerland	1.994.309	2.003.655	0,47%	8,09%
United Kingdom	1.452.186	1.464.674	0,86%	5,91%
United States	1.345.653	1.405.874	4,48%	5,67%
Spain	1.281.130	1.365.162	6,56%	5,51%
Netherlands	1.235.525	1.187.775	-3,86%	4,79%
Japan	866.555	905.294	4,47%	3,65%
Hong Kong	789.517	758.568	-3,92%	3,06%
Greece	485.536	628.598	29,46%	2,54%
Poland	367.354	542.245	47,61%	2,19%
Austria	542.360	522.828	-3,60%	2,11%
Croatia	455.064	506.752	11,36%	2,04%
South Korea	514.154	426.568	-17,03%	1,72%
Russia	377.992	390.289	3,25%	1,58%
Belgium	373.902	360.954	-3,46%	1,46%
China	354.942	359.005	1,14%	1,45%
Turkey	208.273	197.099	-5,37%	0,80%
United Arab Emirates	212.112	188.219	-11,26%	0,76%
Singapore	146.368	144.084	-1,56%	0,58%
Denmark	118.497	116.124	-2,00%	0,47%
Canada	91.485	99.674	8,95%	0,40%
Australia	89.216	91.356	2,40%	0,37%
Saudi Arabia	100.221	85.433	-14,76%	0,34%
Taiwan	90.455	59.339	-34,40%	0,24%
Ukraine	35.336	47.336	33,96%	0,19%
Brasil	72.400	19.234	-73,43%	0,08%
Kazakhstan	13.410	17.363	29,48%	0,07%
Rest of the world	3.935.940	4.385.970	11,43%	17,70%
TOTAL	23.411.964	24.780.210	5,84%	100,00%