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ITALIAN FOOTWEAR INDUSTRY: IN THE FIRST NINE MONTHS OF 2022, TURNOVER (+13.9%) AND EXPORTS (+23.7%) GROW

France, Switzerland, USA, Germany, and China are the top five destinations by value for foreign footwear sales

Milan, 3rd January 2023

The Italian footwear sector continues its post-pandemic recovery path, recording in the first nine months of 2022, compared to the same period of the previous year, a double-digit increase in turnover (+13.9% among the companies in the sample of Associates). This is the snapshot taken by the Confindustria Moda Study Centre for Assocalzaturifici which also highlights an increase in exports (+23.7% in value and +11.7% in volume, driven by luxury brands), which has already exceeded pre-Covid levels (with the exception, however, of shoes with leather uppers, which have a -11% gap in quantity compared to 2019). Rewarding results in the Community markets (with increases in the order of +25% in value in France and Germany), in North America (+62%) and in the Middle East (+58.5%). So far, China has also done well, but above all for the top of the range (+43% in value, with +34% in the average price). The consequences of the war in Russia and Ukraine are heavy (-32% in the first 9 months overall, with -40% since the beginning of the conflict); Kazakhstan is growing among the states of the former Soviet bloc (+33.4%).

According to Giovanna Ceolini, President of Assocalzaturifici: “Despite the double-digit increase in sector turnover in 2022, with a forecast of a return to pre-pandemic levels, and the positive signs of most variables, a sharp increase in costs is eroding company margins, forced to face, in addition to the increases in the prices of raw materials, the unprecedented rise in energy costs. There is also a significant lack of homogeneity among the companies, with 2 out of 5 still having turnover below pre-crisis levels. The effects of the crisis appear evident in the data relating to the demographics of businesses (with 180 closures among footwear manufacturers since the beginning of the year, between industry and crafts, -4.5%), while in employment levels are confirmed the rebound already recorded in the first two quarters (+2.3%, insufficient, however, to cover the losses suffered in the previous two years) and the marked reduction, compared to 2021, in the hours of redundancy fund authorised in the leather area (-81.6%, with still a +80% on 2019). Uncertainty dominates short-term expectations, in a global panorama in which – after the long period scourged by the pandemic – inflation, high bills, and geopolitical turmoil are undermining the climate of confidence, curbing the demand for goods”.

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The report also shows the recovery in domestic consumption: +13.3% in spending on household purchases, but still -3.5% on the already largely unsatisfactory situation of three years ago. The simultaneous leap in imports (+30% in quantity) and the propensity to save induced by the high cost of living make competition on the national market increasingly tight, also disadvantaged by an autumn season that started very late. The share of off-price sales is growing. In the summer, a sustained pace of tourism has returned, but the recovery in foreign shopping is still only partial.

Analysing exports in detail, foreign footwear sales (pure marketing operations included) reached yet another record in value, reaching 9.35 billion euros (+23.7% on January-September 2021), for a total of 165.2 million pairs (+11.7%): not a record for quantities, but still the best result from 2017 to today. The average price per pair rose to 56.60 euros (+10.7%). Both in value and in volume, the figures of the first 9 months of 2019 pre-Covid were exceeded (+20.4% and a more modest +3.9% respectively).

Exports to the USA were decidedly positive which - after the end of the "customs war" with the EU in autumn 2021 in the context of the digital tax disputes and the narrow escape of additional taxes on fashion products - in 2022, thanks to favourable exchange rates, they recorded a significant increase in the first 9 months (+61% in value and +28% in volume). Equally vigorous growth can be seen in Canada.

China, after the slowdown in the April-May two-month period (-25% in quantities and -13% in value) linked to the restrictions adopted in various cities to deal with new Covid outbreaks, has restarted vigorously since June. The third quarter recorded an increase of +86% in value (with +17.4% in volume), thanks to the results achieved by luxury brands. The cumulative pattern for the first 9 months thus marks a +43% in value, with a much smaller +7% in number of pairs sold. In the top 20 destinations, it is the market with the highest average price: 213.39 euros/pair, +33.6% over a year ago.

Obviously, the news of recent days of the resurgence of the virus, after the new dramatic wave of cases in the country, is of great concern.

Remaining in the Far East, (+27.4% in value globally) South Korea returns to growth (+22.5%) after the 2021 setback which had interrupted the long positive streak of the previous decade; Japan did well (+25.5% in value), which however, like Hong Kong, has a considerable gap with the pre-pandemic period.

The data on the Middle East is also comforting, where the United Arab Emirates stand out (15th market, up by +68% in value and +49% in quantity compared to January-September 2021).

Returning to the Old Continent, among the members of the EU27, Germany grew by 26% (+18% in pairs), which has always been one of the main consumers of 'Made in Italy' footwear (it is the second in terms of volume); other important EU outlets are also positive, such as Spain (+23% approximately in value), the Netherlands (+36%), Poland (+16%), and Belgium (+19%), all already well above pre-Covid numbers. Exports to the United Kingdom are coming back (+23%

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in value and +1.6% in quantity) after the collapse of the last two years, following the exit from the Union. However, the current figures remain markedly lower than those of 2019: -29% in value and -39% in volume.

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