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Giovanna Ceolini, Chair of Assocalzaturifici: "After a very positive start, the year 2023 ended with a downward slide, partly due to major increases in costs affecting companies' profit margins. Once the post-Covid rebound was over, the pace of sales slowed markedly, beginning as early as the Spring and becoming even more obvious in the third quarter of the year."

THE ITALIAN FOOTWEAR INDUSTRY: POOR PERFORMANCE IN THE THIRD QUARTER. STRONG GROWTH AT THE BEGINNING OF THE YEAR, WITH BOTH TURNOVER (+3%) AND EXPORTS (+3.2%) UP IN THE FIRST NINE MONTHS OF 2023

The domestic market remained steady (-1.3% household spending). Further deceleration is expected in the final figures

Milan, 4th January 2024

Italy's footwear sector grew moderately in the first nine months of 2023, registering an increase in both turnover (+3% according to a survey of a sample of members) and exports by value (+3.2%) compared to the same period in the previous year. This is the snapshot provided by the Confindustria Moda Research Centre for Assocalzaturifici, which however reveals a drop in the volume of sales. After bouncing back in the previous two years, the number of pairs sold abroad began to fall once again (-8.7% on January-September 2022), as did sales on the Italian market (-3.1%), with the ISTAT index of industrial production down by -7.4%. The setback in the third quarter weighed heavily on results, closing with -7.2% in foreign sales in terms of value (-12.3% in terms of quantity) and -1.5% in household spending within Italy.

According to Giovanna Ceolini, Chair of Assocalzaturifici, "After a very positive start, 2023 closed with a downward slide, partly due to major increases in costs affecting companies' profit margins. Once the post-Covid rebound was over, the pace of sales slowed markedly, beginning as early as the Spring and becoming even more obvious in the third quarter of the year. This widely expected trend was definitely not facilitated by the uncertainty of the difficult international geopolitical scenario, when, in addition to the war between Russia and Ukraine, events in the Middle East came to a head, with a real risk of the conflict spreading, in addition to the weakness of the economy in several important areas of the world."

The report shows how, among the main foreign markets, EU markets performed best overall, growing 8.5% in value despite a -6.1% drop in volume over January-September 2022, while non-EU destinations showed an even heavier setback in terms of quantity (-13.4%), accompanied by a negative sign in value (-1.2%).

Alongside the resilience of France (+1% in volume and +17.1% in value), there was a strong contraction (-32.4% in pairs and -22.5% in value) in flows to Switzerland, traditionally a logistics hub for the fashion multinationals (which have, at least to some extent, replaced transit through Swiss warehouses with direct shipments to their final destination markets). Sales declined

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significantly in the third quarter (with a drop of more than -20%) in the USA (which registered a decline of -21.7% in terms of quantity and -7.4% in terms of value in the first nine months) and in Germany (-16.6% in number of pairs, though stable in value). Sales in China continued to perform well (+17.2% in volume and +12.2% in value), despite a downturn in value in the third quarter (though the average price per pair, above 200 euro, remains by far the highest). Russia and Ukraine continued to recover (+40% and +88% in value respectively over January-September 2022), although sales in these two markets still remain below pre-war levels.

On the domestic front, moreover, while 2023 saw increased tourism, with positive repercussions on shopping by foreign visitors to Italy, footwear purchases by Italian households showed a lacklustre trend, closing the first nine months with negative signs (both in pairs, -3.1%, and in expenditure, -1.3%) compared to the same period in 2022 and, above all, about 5% below the pre-pandemic levels of 2019, already largely unsatisfactory after years of continuous erosion. The abnormally warm weather of autumn, with almost spring-like temperatures, discouraged purchases of winter clothing and shoes.

Finally, the process of natural selection among companies has not ceased (-148 companies, between industry and crafts, in the first nine months, i.e. -3.9%), despite the fact that employment is holding up (+2.1%, although still about a thousand employees below 2019 levels). Increased use of wage support in the leather industry (+6.1%) is, however, a discouraging sign.

Assocalzaturifici Chair Ceolini, took the opportunity offered by the presentation of the figures on performance of the footwear sector to discuss the final approval of the "Made in Italy" bill and the 2024 Budget: "I am satisfied with these measures, which provide for the enhancement and promotion of strategic assets for relaunching the economy and employment in the country, such as protection of supply chains through the "Made in Italy" sovereign fund and support for international trade fairs. I see these as two indispensable tools for enhancing the value of our country's manufacturing SMEs and boosting their competitiveness on international markets. Like the Digital Transition Fund, which in our case is also relevant considering the commitment and leading role of Assocalzaturifici in environmental certification through the VCS mark. I also approve the increase in resources allocated to fighting counterfeiting and "Italian-sounding" names, two phenomena that are detrimental to our products, and the further extension to 30 July 2024 of the deadline for submitting applications for spontaneous repayment of unduly received R&D tax credits. The latter is a thorny issue that is becoming unsustainable for our companies. It is necessary to ensure that the implementing decree for the creation of the registers of accredited certifiers is approved as soon as possible, in order to clearly define what is really to be included in research and development. This is the only solution to protect those who have complied with the rules."

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