



ASSOCALZATURIFICI

The Italian Footwear Industry - First Half 2021

Sectoral note prepared by the

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Research Centre for

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THE ITALIAN FOOTWEAR INDUSTRY: FIRST HALF OF 2021

Footwear: the recovery continues, but pre-pandemic levels remain out of grasp. Exports have been buoyed by the performance of luxury brands to produce the most encouraging results.

The comparison with last year's very negative levels of activity points to a strong upsurge for all the sector's main indicators in the second quarter, after a big upturn was also reported in March.

The cumulative figures for the first part of 2021 – according to calculations made by the Confindustria Moda Research Centre on behalf of Assocalzaturifici – show double-figure increases on the previous year (+13% for industrial production, +22% in the turnover of members who were interviewed, +17.4% in Italian household expenditure and +31.5% for exports in value terms), but a significant gap remains compared to pre-Covid levels. While international sales due to work performed on contract for major luxury multinationals has limited the gap compared to the year 2019 to around -5% in terms of value (but -11% in terms of quantity in the first five months of the year), domestic demand, industrial production and sales are still well below the already unsatisfactory levels of two years ago (with a gap of more than -15%): seven out of ten footwear companies report that sales are still much lower than before Covid.

Trends were inconsistent across foreign markets: there was a recovery in flows towards Switzerland, a strong performance in China (thanks to luxury brands), big upsurges in France and the US, but Japan and the UK fared poorly. In the Italian market, after a negative start to 2021, there were more encouraging signs in May and June as household spending approached 2019 levels; the growth of online sales tailed off slightly.

The prolonged difficulties caused by the pandemic are leaving a mark on employment figures: 2,000 less workers since the start of the year (-3,000 if we also consider component manufacturers); with a -61 reduction in active footwear manufacturers. After the record levels in 2020, in the first half of the year there was an additional +3.8 increase in wage support hours (CIG), which now stand at ten times the levels they were at two years ago.

Vaccination campaigns in Italy and abroad encouraged an upturn in national economies and a return to growth of production and world trade.

As was the case with most of the Italian manufacturing sectors, during the first six months of 2021 there were double-figure increases across all the main variables of the footwear sector compared to last year, particularly as a result of the comparison with the months where the lockdown restrictions had a massive impact on company trading activities, distribution and consumption. Nevertheless, a return to the hardly flattering pre-Covid levels in 2019 remains distant, with many manufacturers still experiencing negative or lacklustre trends, as can be seen from an analysis of the main indicators.

- After the peak in March, there was a further significant recovery in the Istat index for **industrial production** in the two-month period April-May: for the item "Footwear manufacturing", there was an overall increase of +12.9% compared to the same period in 2020, although we are still well below pre-pandemic levels (-26.3%).

- A similar picture emerged for **turnover** from the survey conducted by the Confindustria Moda Research Centre with Assocalzaturifici members. In the second quarter of the year, 2 footwear manufacturers in 3 experienced increases (which exceeded +20% for about 40% of interviewees). For the companies in the survey panel there was an overall increase of +22% in the first six months of the year, but this was not in any way sufficient to bridge the gap with the first six months of 2019 (with this shortfall still in the region of -20%). In particular, more than 80% of the survey panel has a current turnover that is inferior to the same period in 2019 (and for 7 out of 10 companies the current turnover is "significantly lower").

Although these findings come from a survey, they confirm the trends that have emerged from indices published by Istat and clearly show that, despite the start of a recovery, the current situation remains full of difficulties and uncertainties.

Despite evident improvements in **order** intake between April and June (+27.2% in value) and 42% of companies forecasting an additional jump in turnover during the next quarter, there is still some cause for concern: indeed, 28% of the survey sample is pessimistic about trends for the third quarter as they are assuming new slowdowns compared to the same period in 2020, while 58% of entrepreneurs believe they will have once again have to resort to social security contributions, thus confirming widespread below par levels of business.

The overall picture therefore remains a complex one, which conceals significant divergences in trends across companies. Indeed, only 1 in every 3 operators believe the recovery has already begun or will begin this year, with 54% of the panel believing the recovery won't begin until spring or even autumn 2022.

On the other hand, alongside certain promising signs, we can see numerous criticalities in current demand trends at both a national and international level.

- In terms of the **Italian market**, according to the analysis conducted through Sita Ricerca's *Fashion consumer panel* for Assocalzaturifici, Italian household purchases of footwear increased by +17.4% in terms of expenditure and +14.6% in volume compared to the first six months of 2020, when consumption had been severely impeded by the suspension of physical sales during the lockdown. The gap compared to the pre-pandemic situation remains significant (-17.8% in expenditure and -14.2% in volume compared to the first half of 2019).

After the first two months that were still in negative territory and the bounce back in March and April compared to the lockdown period, the removal of the remaining restrictions in May – with the complete reopening of stores in shopping centres even on weekends – represented a lifeline for distribution as household purchases of footwear easily eclipsed 2020 levels and were not far off pre-pandemic levels. This is obviously encouraging in terms of a return to "normality" and we are hoping for an additional significant improvement in coming months, including in comparison to 2019 levels, since we cannot forget that, prior to the pandemic, the Italian market had seen a decade of progressive erosion.

The breakdown by product category reveals increases of around +11% in expenditure over the first half of 2020 for classic men's shoes and +16% for classic women's shoes (although both items are down more than -25% on pre-pandemic levels); there were also increases of +14% for children's footwear; +25% for sport shoes and sneakers (which are down -10% on 2019); there was a limited increase for slippers (+6%), the type of footwear that was used most prevalently during the lockdown and which is unsurprisingly now closest to its pre-pandemic levels (-6.5%).

Preliminary calculations on the performance of the various sales channels show across-the-board increases in double figures compared to 2020, but significant shortfalls on 2019 levels: approximately +33% in expenditure for footwear stores and chains (although these are still -28% and -20% down respectively on 2019 levels); +35% for itinerant traders; +23% for department stores and large-scale specialist retailers. Following the boom in 2019 during the lockdown, there was an opposite trend for online sales, with a slowdown in the first half of 2021 (-12.6% in value compared to the previous year), although current levels are still well above 2019 levels (+24.4%).

- Once again, the most positive results came from **exports**, which still represent the driver of the sector (with more than 85% of national production destined for international markets).

Official Istat data (which still only cover the first five months of the year) shows a year-on-year increase of 31.5% in value and +24.8% in volume (with average prices up +5.4%).

Including pure trading operations, a total of 81.8 million pairs of shoes were exported and the threshold of 4 billion euro was exceeded once again. In absolute terms this result was second only to the record level achieved in 2019 (and in real terms, taking into account inflation, it is the third best result of all times).

Compared to the pre-pandemic situation, in January-May 2019, although current levels are approximately 11% lower in terms of volume, they are only down -4.6% in value terms.

This result was achieved thanks to the brilliant performance of international luxury brands in the first half of the year. In many cases, as illustrated by recent quarterly data, these brands have already reached and exceeded pre-pandemic turnover levels.

It is no coincidence therefore that Switzerland – the leading export destination and traditional logistics and distribution hub for many top fashion brands – experienced an increase of almost 40% in value terms compared to January-May 2020 (and 6% compared to the same period in 2019).

There were positive trends for all of the top20 destination markets for Italian exports compared to January-May 2020, although there were variations in the extent of these recoveries. The only exceptions are the United Kingdom, which left the EU last year (-17.6 percent in value terms and -10.5% in volume, with a shortfall of around -45% compared to 2019) and Japan (-3.2% in value and -6.3% in volume and a shortfall of more than -30% compared to pre-pandemic levels in 2019). Including as a result of the very gradual reduction in tariffs and especially because of the pandemic, the trade agreement that came into effect in 2019 between Japan and the EU has not yet generated any improvements in the sale of Italian footwear in this market.

Both exports towards other EU countries and non-EU countries experienced recoveries in value terms of about +30% compared to 2020; but while intra-EU exports returned to 2019 levels in value terms (+0.3% and -8% in volume), the same cannot be said for the situation outside the EU27, which is still well below 2019 levels (-8.3% in value and -15.4% in terms of volumes).

Within the EU there were double-figure increases for France (+35% in value terms on 2020–another destination for contract manufacturing by large international fashion brands) and Germany (+22%) – which have always by far been the strongest foreign markets in volume terms for Italian footwear manufacturers – as well as the Netherlands (+40.3%) and Belgium (+29%). There was a significant increase in flows towards Poland, with the respective value almost double 2019 levels.

On the other hand, the analysis of flows to non-EU countries shows:

- a continuation (and consolidation) of the very positive trends that emerged in the Chinese market towards the end of 2020. In the first five months of the year there was a +74% increase for China in volume and a +106.4% increase in value terms compared to 2020, particularly for high-end products (as the average price towards this market increased by 19%). The main winners are therefore luxury brands as opposed to companies with their own brand, which have always struggled to get a foothold in this market. Aside from 'revenge spending' by Chinese consumers and the importing of products from luxury brands, which local consumers previously purchased during journeys abroad, these performances were driven by the direct entry into China of goods that previously went through Hong Kong. Current exports to China are significantly above 2019 pre-pandemic levels (+24% in value and +9% in volume);

- there was a further increase in the Far East, as exports to South Korea continued the trend from recent years: this market has increased again by more than 10%, despite decreases in volume compared to 2020 and 2019;

- a strong recovery for the US (+49% in value, with +72% in volume, for a 4% increase in total footwear exports for the first five months of 2019) after the Biden administration temporarily suspended the "tariff war" with Europe for 6 months at the start of June. This was resulting in additional tariffs on US imports of certain consumer goods (including clothing, bags and footwear) and is connected to disputes on digital taxes;

- a reassuring return of Russia to close to pre-pandemic levels (we are currently approximately -3% in value terms), thanks to the +35% increase in the first five months of this year. Although this result is still not fully satisfactory (since Italian exports to Russia had halved in value between 2013 and 2019) we hope the speedy return to pre-pandemic levels represents a first step towards a full recovery in orders from this important market.

The breakdown by product category reveals significant increases for footwear produced with non-traditional material (+44% increase in value for exports of products with fabric uppers, to almost one billion euro; +55% for synthetic uppers; +65% for rubber shoes) with these all easily exceeding pre-pandemic levels. On the other hand, the recovery for leather footwear was more disappointing and, despite a +23% increase in value on 2020, we are still -15% down on 2019 sales levels. Within the sector, the performance of walking shoes was unfortunately lacklustre (+15% in value terms on 2020, with a modest +6.5% in volume), as it is still more than 20% worse than 2019 levels.

Finally, foreign sales of slippers were poor (and there was an additional fall in value of -2% compared to last year).

- **Imports** have also started up again but the distinctly lacklustre performance of consumption in the initial months of the year impeded any recovery: between January and May there was a year-on-year increase of +4.7% in volume (with +0.6% for leather shoes) and +17.5% in value terms. There was a -5% reduction in imports from China – which remains by some distance the leading supplier, with a 41% share in quantity – and a -1.1% decrease in imports from Vietnam, in volume terms.

- The **balance of trade** for the first five months of the year shows a surplus of 1.91 billion euro (+51.4%), although this is still slightly lower (-2.6%) than 2019 levels.

- The figures for **company demographics** and **employment** inevitably reflect the effects of this prolonged crisis. At the end of June there were 4,091 active footwear manufacturers in Italy, across both the industrial and crafts segments (61 less than December 2020, i.e. -1.5%). Despite the ban on dismissals introduced by the government, the sector's workforce fell to 69,917 workers (-1,965, i.e. -2.7%) as a result of business closures or other legally permitted measures.

When component manufacturers are taken into account, the fall compared to the final balance for 2020 is even more marked: -138 enterprises and -3,033 employees.

A regional breakdown is available for these chamber of commerce data which reveals reductions in all areas in terms of the number of companies, with the sole exception of Lombardy (which has one more company than in December 2020) and Veneto (where the number was unchanged). With regard to the workforce, all regions, none excepted, experienced a reduction compared to December 2020. The largest reductions in absolute terms for both companies (-61 and -31 units) and workforce (-1,045 and -600) were reported for Marche and Tuscany respectively.

- After the record increases in 2020, **wage support hours (CIG)** authorised by INPS for companies in the leather supply chain increased by a further +3.8% in the first half of the year: 40.5 million, i.e. more than 10 times the levels for January-June 2019 (approximately 4 million). This result bucks the trend for the total national sectors (for which a -20.3% decrease was reported compared to the previous year).

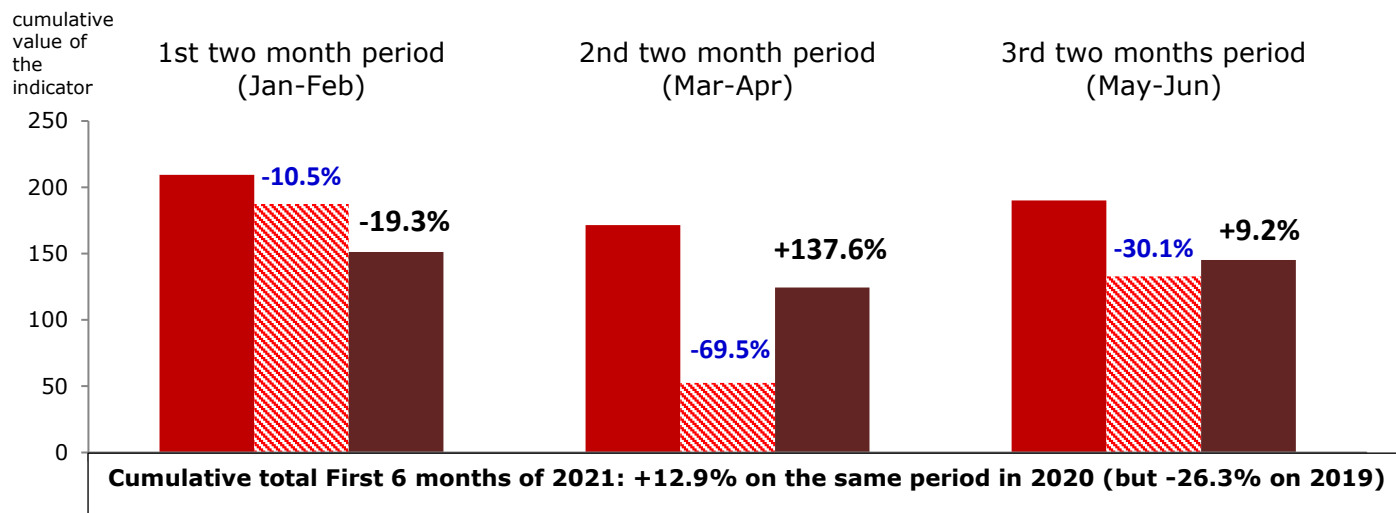
Many regions experienced increases compared to 2020. Tuscany is the region with the highest number of authorised hours in the period (10.3 million, +3.1%), followed by Campania (7.4 million, +45%) and Marche (6.9 million hours, +13.6%).

Istat monthly index of industrial production

(item Ateco CB152 "Footwear manufacturing", data adjusted for calendar effects)

Base year 2015=100.

% variation compared to the same two months period of the previous year ■ 2019 ▨ 2020 ■ 2021



Source: ISTAT; calculations by Confindustria Moda on 25/08/2021)

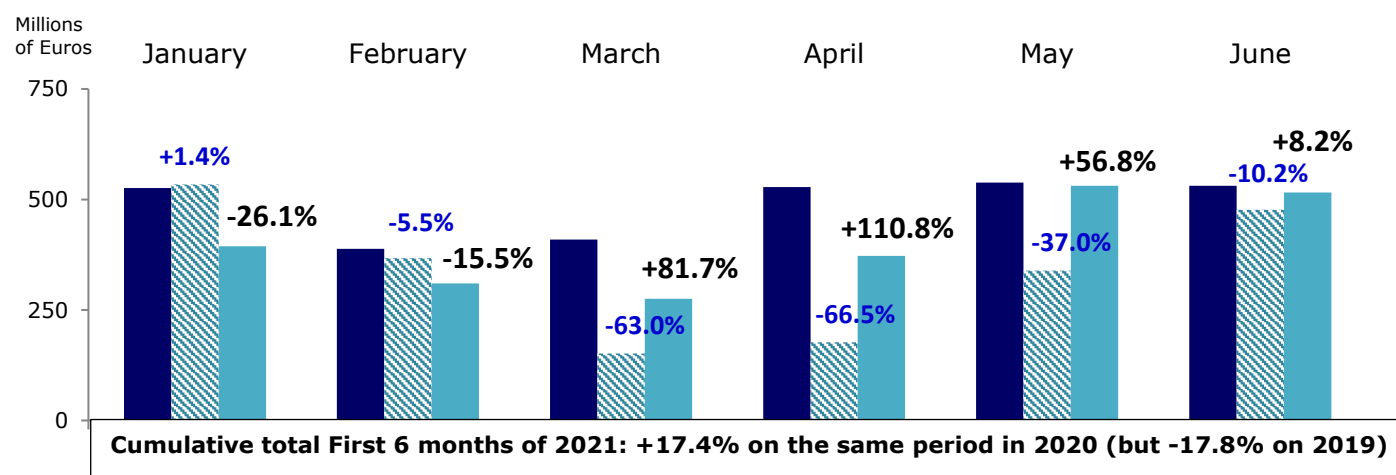
Italian Market: household spending performance by month

Product: Footwear

Value (expenditure) at retail prices

% variation compared to the same month of the previous year

■ 2019 ▨ 2020 ■ 2021



Source: SITA RICERCA; calculations by Confindustria Moda Research Centre for Assocalzaturifici

ITALIAN MARKET

performance in the first 6 months of 2021 compared to the same period 2020 and 2019

CONSUMPTION OF ITALIAN HOUSEHOLDS

CURRENT EXPENDITURE (retail prices)	Jan-June 2019 <i>Million EUROS</i>	Jan-June 2020 <i>Million EUROS</i>	Jan-June 2021 <i>Million EUROS</i>	% change 21/20	% 21/19 (Pre-Covid)
MEN (sneakers excluded)	443.50	287.35	318.17	+10.7%	-28.3%
WOMEN (sneakers excluded)	943.39	599.87	693.22	+15.6%	-26.5%
CHILDREN/YOUNGSTERS	178.13	137.17	156.42	+14.0%	-12.2%
SPORT AND SNEAKERS	1,118.19	810.07	1,009.33	+24.6%	-9.7%
Slippers/Clogs/Flip-flops	238.23	210.23	222.85	+6.0%	-6.5%
- of which for men	62.72	51.45	56.01	+8.9%	-10.7%
- of which for women	150.56	140.21	144.79	+3.3%	-3.8%
- of which for children/youngsters	24.96	18.57	22.06	+18.8%	-11.6%
Total EXPENDITURE (million euro)	2,921.45	2,044.70	2,399.99	+17.4%	-17.8%

QUANTITY	Jan-June 2019 <i>PAIRS (000)</i>	Jan-June 2020 <i>PAIRS (000)</i>	Jan-June 2021 <i>PAIRS (000)</i>	% change 21/20	% 21/19 (Pre-Covid)
MEN (sneakers excluded)	6,856	4,556	5,045	+10.7%	-26.4%
WOMEN (sneakers excluded)	18,194	12,083	13,781	+14.0%	-24.3%
CHILDREN/YOUNGSTERS	6,264	4,831	5,572	+15.3%	-11.1%
SPORT AND SNEAKERS	23,278	17,395	21,302	+22.5%	-8.5%
Slippers/Clogs/Flip-flops	18,418	15,818	16,971	+7.3%	-7.9%
- of which for men	4,722	3,937	4,234	+7.5%	-10.3%
- of which for women	11,203	9,915	10,495	+5.9%	-6.3%
- of which for children/youngsters	2,493	1,966	2,241	+14.0%	-10.1%
Total PAIRS (000)	73,010	54,683	62,670	+14.6%	-14.2%

AVERAGE PRICES (retail)	Jan-June 2019 <i>EUROS</i>	Jan-June 2020 <i>EUROS</i>	Jan-June 2021 <i>EUROS</i>	% change 21/20	% 21/19 (Pre-Covid)
MEN (sneakers excluded)	64.69	63.07	63.07	-0.0%	-2.5%
WOMEN (sneakers excluded)	51.85	49.64	50.30	+1.3%	-3.0%
CHILDREN/YOUNGSTERS	28.44	28.39	28.08	-1.1%	-1.3%
SPORT AND SNEAKERS	48.04	46.57	47.38	+1.7%	-1.4%
Slippers/Clogs/Flip-flops	12.93	13.29	13.13	-1.2%	+1.5%
- of which for men	13.28	13.07	13.23	+1.2%	-0.4%
- of which for women	13.44	14.14	13.80	-2.4%	+2.7%
- of which for children/youngsters	10.01	9.45	9.84	+4.2%	-1.7%
Total A.P. (Euros)	40.01	37.39	38.30	+2.4%	-4.3%

Source: SITA RICERCA; calculations by Confindustria Moda Research Centre for Assocalzaturifici

ITALIAN FOOTWEAR EXPORTS

performance in the first 5 months of 2021 compared to the same period 2020 and 2019

Analysis by upper material

Upper material	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Quantity (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
LEATHER	2,461.86	36,483	67.48	+23.1	+14.9	+7.1	-15.3	-22.1	+8.8
SYNTHETIC	483.38	23,228	20.81	+55.3	+40.8	+10.3	+26.2	+6.6	+18.4
SLIPPERS	15.49	1,664	9.31	-2.0	+8.5	-9.7	-25.6	-27.8	+3.1
RUBBER	66.06	2,335	28.29	+65.0	+13.3	+45.5	+9.4	+7.7	+1.5
FABRIC/MISC.	997.35	18,134	55.00	+43.9	+31.7	+9.3	+17.6	-3.2	+21.6
TOT. EXPORTS	4,024.13	81,845	49.17	+31.5	+24.8	+5.4	-4.6	-10.9	+7.1

Analysis by country

Ranking by value	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Quantity (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
1) Switzerland	771.34	6,946	111.04	+39.3	+35.5	+2.8	+5.9	-8.5	+15.8
2) France	637.27	14,473	44.03	+35.0	+32.7	+1.7	-4.2	-12.5	+9.5
3) Germany	409.85	12,625	32.46	+21.9	+12.8	+8.1	-2.5	-11.1	+9.7
4) USA	368.64	7,381	49.94	+49.4	+71.7	-13.0	-8.7	+3.9	-12.1
5) China	158.72	1,024	155.00	+106.4	+74.0	+18.6	+23.8	+8.8	+13.8
6) United Kingdom	148.29	3,289	45.08	-17.6	-10.5	-8.0	-45.1	-46.2	+2.2
7) Spain	148.24	4,729	31.35	+28.3	+19.4	+7.5	-2.0	-10.2	+9.1
8) Poland	113.17	3,746	30.21	+61.1	+52.1	+5.9	+98.0	+86.8	+6.0
9) Russia	112.04	1,775	63.13	+35.3	+36.8	-1.1	-2.9	-12.4	+10.9
10) South Korea	111.54	696	160.17	+10.9	-12.8	+27.1	+13.3	-19.6	+41.0
11) Netherlands	108.19	1,926	56.18	+40.3	+12.8	+24.4	+20.8	-8.1	+31.3
12) Hong Kong	103.23	609	169.59	+25.7	+8.3	+16.1	-29.9	-35.7	+9.0
13) Belgium	84.80	2,275	37.28	+28.9	+23.9	+4.0	-2.9	-2.4	-0.6
14) Austria	61.95	1,680	36.88	+15.6	+3.3	+11.9	-16.5	-23.8	+9.5
15) Japan	59.44	668	89.04	-3.2	-6.3	+3.3	-30.1	-36.7	+10.3
16) UAE	48.75	516	94.40	+45.4	+29.1	+12.7	-5.4	-13.7	+9.5
17) Greece	39.18	1,738	22.54	+35.5	+36.7	-0.9	+2.8	+9.5	-6.2
18) Canada	37.94	804	47.17	+32.1	+25.2	+5.5	-16.3	-15.6	-0.8
19) Romania	29.54	1,202	24.57	+31.1	+25.3	+4.6	+0.9	-15.8	+19.9
20) Czech Rep	29.49	1,259	23.42	+12.6	+11.9	+0.6	-10.1	-19.4	+11.6
21) Mexico	22.49	200	112.62	+22.8	+0.2	+22.6	-18.4	-31.6	+19.3
22) Australia	21.73	323	67.24	+51.6	+54.1	-1.6	-15.3	-16.7	+1.6
...									
26) Ukraine	15.83	234	67.53	+24.8	+20.4	+3.6	-13.2	-21.6	+10.8
...									
46) Kazakhstan	6.53	99	66.07	-2.6	-8.4	+6.3	-22.6	-21.0	-2.1
...									
TOT. EXPORTS	4,024.13	81,845	49.17	+31.5	+24.8	+5.4	-4.6	-10.9	+7.1

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Analysis by geographical area of destination

	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Qty (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
EU-27 (post Brexit)	1,821.29	51,837	35.14	+29.7	+21.3	+6.9	+0.3	-8.0	+9.0
Other EU countries	955.78	10,822	88.32	+25.5	+15.3	+8.8	-7.4	-24.4	+22.5
East Europe and CIS*	160.82	3,332	48.26	+28.2	+32.9	-3.5	-7.9	-15.9	+9.6
North Africa	12.74	656	19.41	+51.3	+61.2	-6.2	-14.5	-24.9	+13.9
Other African Countries	19.14	969	19.76	+89.8	+63.4	+16.2	+9.3	+30.9	-16.5
North America	406.58	8,186	49.67	+47.6	+65.7	-10.9	-9.5	+1.6	-10.9
Central & South America	37.62	551	68.27	+33.0	+27.0	+4.7	-16.5	-25.7	+12.4
Middle East	104.61	1,627	64.32	+39.4	+17.5	+18.6	-10.5	-14.6	+4.8
Other Asian Countries	480.22	3,474	138.24	+35.4	+17.0	+15.8	-7.7	-21.5	+17.6
Oceania	24.71	387	63.81	+48.4	+50.8	-1.6	-14.7	-14.9	+0.3
Miscellaneous	0.62	4	150.38	-41.1	-39.7	-2.3	-65.3	-61.5	-9.8
TOT. EXPORTS	4,024.13	81,845	49.17	+31.5	+24.8	+5.4	-4.6	-10.9	+7.1

of which:

* CIS	143.86	2,376	60.53	+28.2	+28.5	-0.3	-8.8	-20.7	+15.1
Total Extra-EU27	2,202.84	30,008	73.41	+33.0	+31.1	+1.4	-8.3	-15.4	+8.5

Note:

- **27 European Union**

= France, Belgium, Luxembourg, the Netherlands, Germany, Ireland, Denmark, Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia, Hungary, Bulgaria, Romania, Croatia;

- **Other European countries**

= United Kingdom, Ceuta, Melilla, Iceland, Norway, Liechtenstein, Switzerland, Faeroe Islands, Andorra, Gibraltar, Turkey;

- **Eastern Europe and CIS countries**

= Albania, Bosnia-Herzegovina, Former Yug. R. Macedonia, Serbia, Montenegro, Kosovo and CIS area markets (Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan); "CIS" also includes Georgia and Ukraine, though they withdrew from the confederation in 2009 and in 2014, respectively;

- **North Africa**

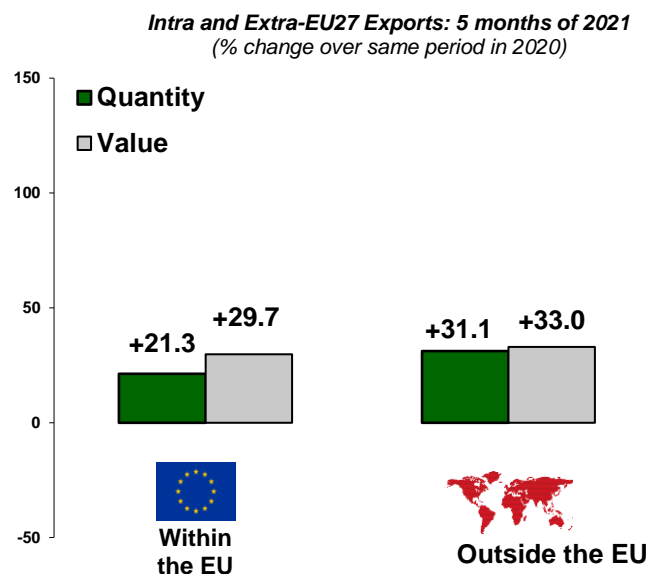
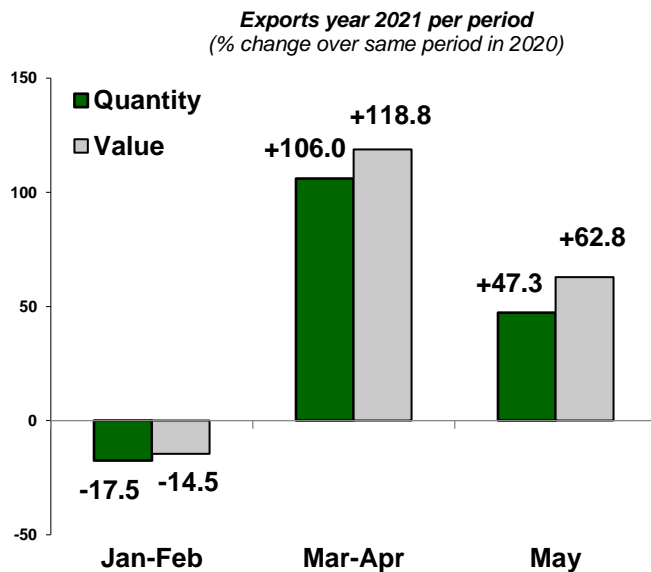
= Morocco, Algeria, Tunisia, Libya, Egypt, Sudan;

- **Miscellaneous**

= Undetermined or unspecified countries and territories; tax free points and warehouses; on-board stores.

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Analysis of 2021 exports for the period & Intra-Extra EU27 details



Source: Calculations by Confindustria Moda Research Centre using ISTAT data

ITALIAN FOOTWEAR IMPORTS

performance in the first 5 months of 2021 compared to the same period 2020 and 2019

Analysis by upper material

Upper material	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Quantity (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
LEATHER	967.99	34,044	28.43	+16.7	+0.6	+16.0	-9.8	-20.2	+13.0
SYNTHETIC	446.37	53,236	8.39	+17.7	+11.4	+5.7	-8.2	-9.5	+1.5
SLIPPERS	15.51	6,211	2.50	+4.5	-18.2	+27.8	-29.7	-40.5	+18.3
RUBBER	20.94	2,110	9.92	+26.0	+19.1	+5.8	+11.7	+18.7	-5.8
FABRIC/MISC.	665.75	36,858	18.06	+18.6	+4.0	+14.1	+1.0	-17.4	+22.3
TOT. IMPORTS	2,116.56	132,459	15.98	+17.5	+4.7	+12.2	-6.3	-16.3	+12.0

Analysis by country

Ranking by value	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Quantity (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
1) China	359.48	54,121	6.64	+5.8	-5.0	+11.3	-0.9	-16.6	+18.8
2) France	262.20	6,444	40.69	+42.2	+26.7	+12.3	+1.4	-12.4	+15.8
3) Belgium	186.40	6,169	30.21	+26.5	+11.7	+13.2	-13.8	-29.2	+21.8
4) Netherlands	157.13	5,896	26.65	+45.1	+68.0	-13.6	+8.1	+11.6	-3.2
5) Germany	136.82	5,971	22.91	+3.6	-0.9	+4.5	-18.2	-15.6	-3.1
6) Romania	135.80	4,647	29.22	+27.0	+8.0	+17.6	-22.4	-33.3	+16.3
7) Spain	124.26	7,188	17.29	+46.3	+43.1	+2.3	+4.0	+6.2	-2.1
8) Vietnam	123.29	6,296	19.58	+10.1	-1.1	+11.3	+0.6	-18.9	+24.0
9) Switzerland	77.25	665	116.13	+28.0	+21.9	+5.0	+41.0	+49.2	-5.5
10) Albania	64.00	5,456	11.73	+3.1	+8.1	-4.5	-27.4	-28.8	+1.9
11) Indonesia	52.58	3,336	15.76	+10.3	+14.8	-4.0	+4.1	-1.6	+5.8
12) Tunisia	51.06	3,075	16.61	+23.2	+9.0	+13.0	-23.9	-26.2	+3.2
13) Bosnia-Herz.	47.01	4,126	11.39	+25.6	+31.3	-4.3	-18.4	-14.1	-5.0
14) India	35.15	2,398	14.66	-0.2	-4.6	+4.6	-19.3	-18.9	-0.6
15) Serbia	34.88	1,594	21.88	+18.3	+17.7	+0.5	-2.7	-9.6	+7.7
16) Poland	28.47	1,503	18.95	+53.0	+46.2	+4.6	+60.0	+33.3	+20.1
17) Myanmar	27.09	2,288	11.84	+10.7	+17.5	-5.8	+39.9	+44.7	-3.3
18) Slovenia	22.84	1,858	12.30	+93.2	+33.8	+44.4	+19.4	-5.7	+26.6
19) Cambodia	20.67	1,224	16.89	-31.1	-33.6	+3.7	-36.4	-45.8	+17.4
20) Czech Rep	20.17	909	22.17	+11.8	+0.2	+11.5	+180.6	+196.2	-5.3
21) Turkey	12.77	1,665	7.68	+10.5	+34.9	-18.1	-11.5	-20.8	+11.8
22) Hungary	12.28	283	43.42	-37.0	-45.6	+15.7	-51.6	-63.8	+33.8
23) UK	11.44	74	153.75	-43.2	-83.0	+233.2	-62.7	-88.6	+225.8
...									
TOT. IMPORTS	2,116.56	132,459	15.98	+17.5	+4.7	+12.2	-6.3	-16.3	+12.0

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Analysis by geographical area of origin

	January - May 2021			% 21/20			% 21/19		
	Value (Million €)	Qty (Thousands of pairs)	A.P. Euros	Value	Qty	A.P.	Value	Qty	A.P.
EU-27 (post Brexit)	1,138.71	43,136	26.40	+29.1	+20.8	+6.9	-5.7	-13.1	+8.5
Other EU countries	101.53	2,405	42.21	+10.3	+8.5	+1.6	+1.4	-24.8	+34.9
East Europe and CIS	154.10	11,653	13.22	+10.0	+13.0	-2.6	-21.9	-23.8	+2.5
North Africa	57.75	3,419	16.89	+20.9	+8.4	+11.6	-21.5	-23.6	+2.8
Other African Countries	0.76	21	36.72	+44.0	-29.9	+105.5	+264.0	+30.1	+179.8
North America	5.95	46	128.62	+23.1	-4.9	+29.5	-10.9	-44.5	+60.4
Central & South America	6.56	880	7.46	-4.4	+8.8	-12.2	-10.9	-6.3	-5.0
Middle East	5.08	37	136.36	-2.0	+63.0	-39.9	+17.1	+41.2	-17.1
Other Asian Countries	644.05	70,848	9.09	+3.7	-4.5	+8.5	-2.5	-16.3	+16.5
Oceania	0.88	6	150.79	+179.6	+91.5	+46.0	+570.4	-47.0	+1164.5
Miscellaneous	1.18	6	183.94	+41.9	+31.3	+8.0	+8.7	-9.1	+19.6
TOT. IMPORTS	2,116.56	132,459	15.98	+17.5	+4.7	+12.2	-6.3	-16.3	+12.0

of which:

Total Extra-EU27	977.85	89,323	10.95	+6.3	-1.6	+8.0	-7.0	-17.8	+13.2
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Note:

- **27 European Union**

= France, Belgium, Luxembourg, the Netherlands, Germany, Ireland, Denmark, Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia, Hungary, Bulgaria, Romania, Croatia;

- **Other European countries**

= United Kingdom, Ceuta, Melilla, Iceland, Norway, Liechtenstein, Switzerland, Faeroe Islands, Andorra, Gibraltar, Turkey;

- **Eastern Europe and CIS countries**

= Albania, Bosnia-Herzegovina, Former Yug. R. Macedonia, Serbia, Montenegro, Kosovo and CIS area markets (Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan); "CIS" also includes Georgia and Ukraine, though they withdrew from the confederation in 2009 and in 2014, respectively;

- **North Africa**

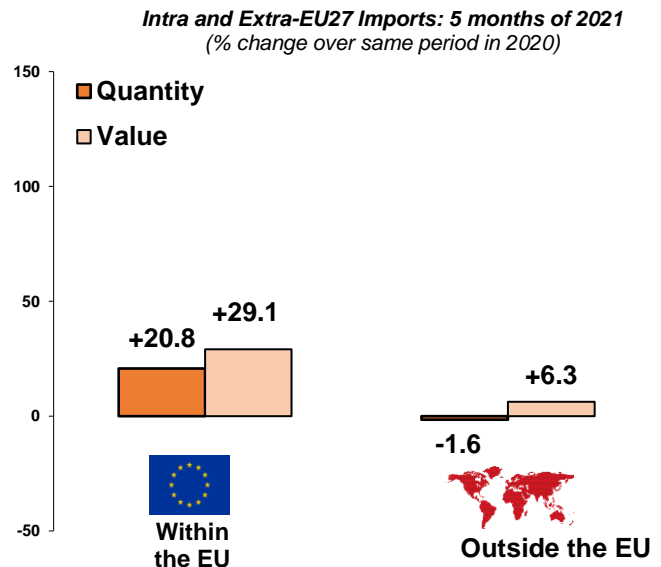
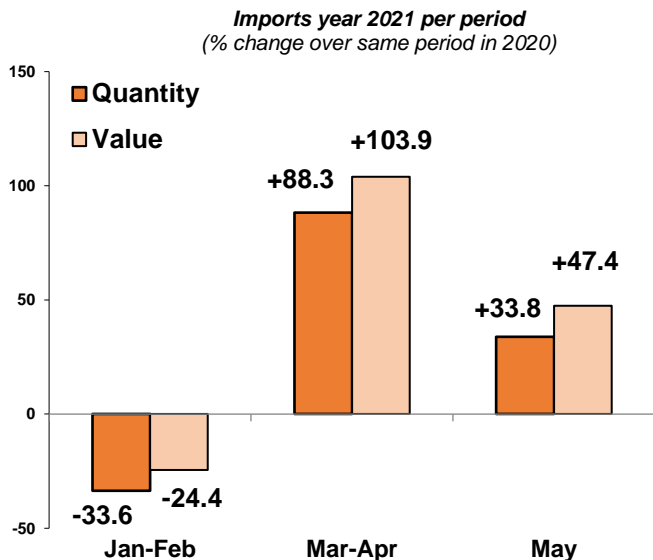
= Morocco, Algeria, Tunisia, Libya, Egypt, Sudan;

- **Miscellaneous**

= Undetermined or unspecified countries and territories; tax free points and warehouses; on-board stores.

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Analysis of 2021 imports for the period & Intra-Extra EU27 details



Source: Calculations by Confindustria Moda Research Centre using ISTAT data

FOOTWEAR INDUSTRY BALANCE OF TRADE

	FIRST 5 MONTHS 2020			FIRST 5 MONTHS 2021			% change 21/20	
	VALUE (Millions of Euros)	PAIRS (Millions)	A.P. Euros	VALUE (Millions of Euros)	PAIRS (Millions)	A.P. Euros	VAL	QTY
EXPORTS	3,061.00	65.6	46.66	4,024.13	81.8	49.17	+31.5	+24.8
IMPORTS	1,801.26	126.5	14.24	2,116.56	132.5	15.98	+17.5	+4.7
BALANCE OF TRADE	1,259.73	-60.9		1,907.58	-50.6		+51.4	+16.8

FOOTWEAR TRADE

Time series data for the first 5 months in the years 2008-2021

EXPORTS January/May	Value (Millions of Euros)	Quantity (Millions of PAIRS)	Average price (Euros)
2008	2,889.72	107.6	26.86
2009	2,468.63	90.4	27.32
2010	2,555.14	98.4	25.97
2011	2,993.69	108.0	27.73
2012	3,112.99	96.9	32.14
2013	3,264.82	98.2	33.26
2014	3,394.74	98.2	34.57
2015	3,499.66	93.1	37.59
2016	3,644.13	92.5	39.41
2017	3,770.10	93.8	40.19
2018	3,889.68	92.2	42.20
2019	4,217.29	91.8	45.93
2020	3,061.00	65.6	46.66
2021	4,024.13	81.8	49.17

Comparison between 2021 and the first 5 months of 2009, during the global economic crisis:
+63.0% in value; -9.4% in quantity; +80.0% in average price.

IMPORTS January/May	Value (Millions of Euros)	Quantity (Millions of PAIRS)	Average price (Euros)
2008	1,349.89	180.1	7.50
2009	1,424.73	152.1	9.36
2010	1,472.56	169.1	8.71
2011	1,701.58	167.0	10.19
2012	1,662.61	147.7	11.26
2013	1,629.88	145.2	11.22
2014	1,693.60	153.4	11.04
2015	1,894.19	156.3	12.12
2016	2,032.54	165.1	12.31
2017	2,026.37	156.3	12.97
2018	2,159.38	159.9	13.51
2019	2,259.60	158.3	14.27
2020	1,801.26	126.5	14.24
2021	2,116.56	132.5	15.98

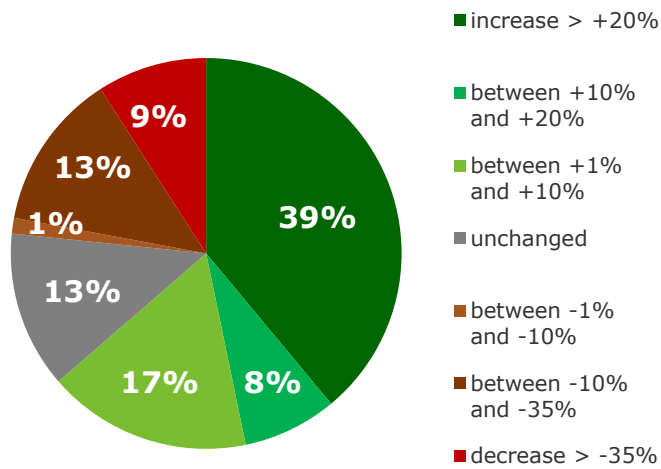
Comparison between 2021 and the first 5 months of 2009, during the global economic crisis:
+48.6% in value; -12.9% in quantity; +70.6% in average price.

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Notes:

- In the trade analysis provisional ISTAT data were used for 2021 and for previous years, to allow a comparison on a homogeneous basis.
- Although it is a special administrative region of China, Hong Kong is still considered statistically separate from continental China (which is defined as "China" in the tables in this report).

1. What was the trend for TURNOVER in the SECOND QUARTER 2021 (April-June) compared to the same period in 2020?



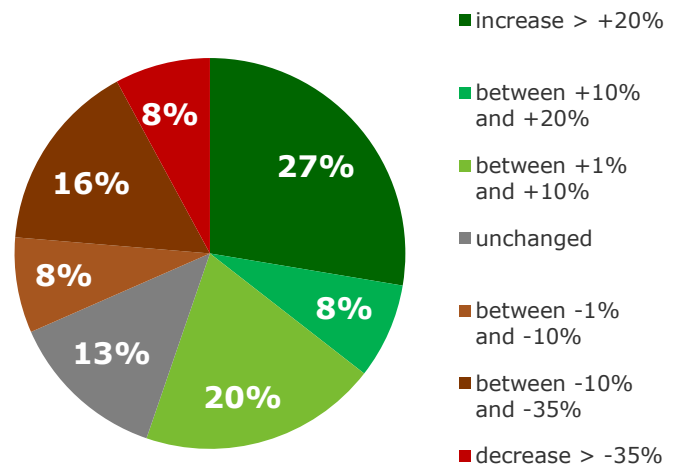
Compared to the period when the lockdown was in force most companies experienced a sharp increase in turnover: indeed, 64% of the panel saw an increase in revenues compared to the **second quarter** 2020 (for 2 out of 5 companies this increase was more than +20%).

Nevertheless, 13% of companies had no increase on the unsatisfactory turnover levels from 2020 and 23% even experienced further reductions. So the situation remains inconsistent and unfortunately there are companies that have yet to return to positive trends.

Considering the **first 6 months of the year**, by weighting responses according to company size we obtain an estimate of the average upturn in turnover for the companies in our sample of **+22.0%** compared to the first half of 2020; this means we are still well short of pre-pandemic levels in the first half of 2019 (about -20%).

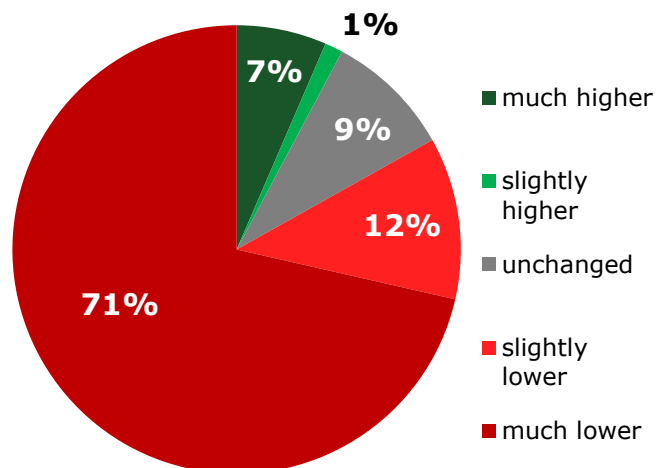
Despite the sharp rise in the second quarter, pre-pandemic levels are still some way off: only 17% of the panel stated they had exceeded (8% of respondents), or at least equalled (9%), turnover levels for the first six months of 2019. 83% of footwear manufacturers involved in the survey stated that they had not bridged the gap with 2019 turnover levels; while 12% of entrepreneurs reported a turnover in the first half of 2021 that was only slightly lower than pre-pandemic levels, a significant majority (71% of the sample) reported that current levels are much lower.

2. Discuss the variation in ORDERS in the SECOND QUARTER 2021 (April-June) compared to the same period in 2020.

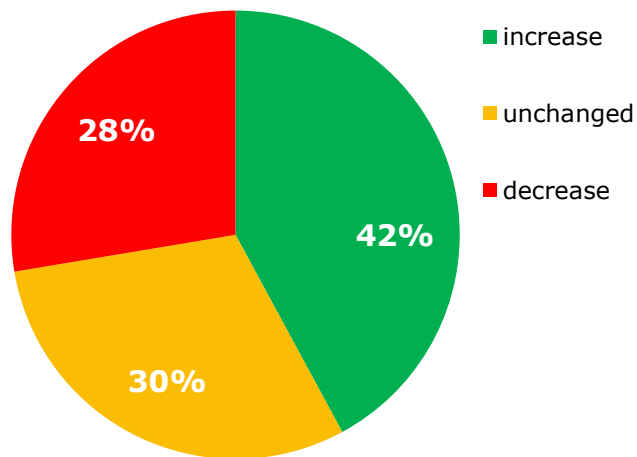


In terms of the second quarter, 55% of footwear manufacturers involved in the survey reported an increase in the order backlog; for more than 1/4 of respondents (27%), this increase was more than +20% in value. The percentage of companies from the sample that experienced an increase or at least stability increased to 68% (up from only 23% in the previous quarter). However, a significant 32% of companies reported a reduction in new orders and pointed to continued difficulties in various destination markets. Weighting responses according to company size gives us an average variation of **+27.2%** in the value of new orders for the sample during the second quarter.

3. The TURNOVER in the FIRST 6 MONTHS of 2021 compared to pre-pandemic levels in the first half of 2019 was...

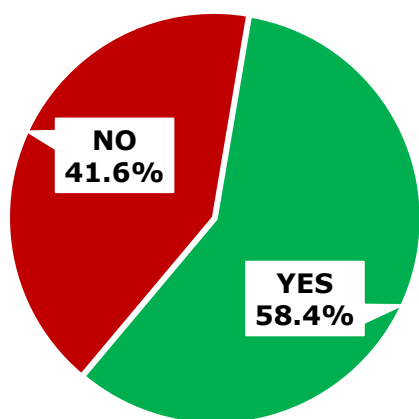


4. What is your TURNOVER forecast for the THIRD QUARTER 2021 (July-September) compared to the same period in 2020?



Most of the companies in the sample (42%) expect the recovery to continue in the third quarter (most probably at a slower rate as the V-shaped recovery comes to an end or slows down). On the other hand, 30% expect their turnover to be broadly similar. There is also a worryingly high share of respondents who expect a further reduction compared to 2020's unsatisfactory levels (28%).

7. Does your company expect to use social security instruments (CIG wage support or similar instruments) in the THIRD QUARTER 2021 (July-September)?



With regard to the third quarter, 58.4% of the panel expect to use social security instruments – this represents a reduction compared to the first two quarters of the year (it was 90% of the sample in the first quarter and 77% in the second), although the level remains high as 3 in 5 companies expects to use them.

5. In JUNE 2021, compared to December 2020, the WORKFORCE of your company was...



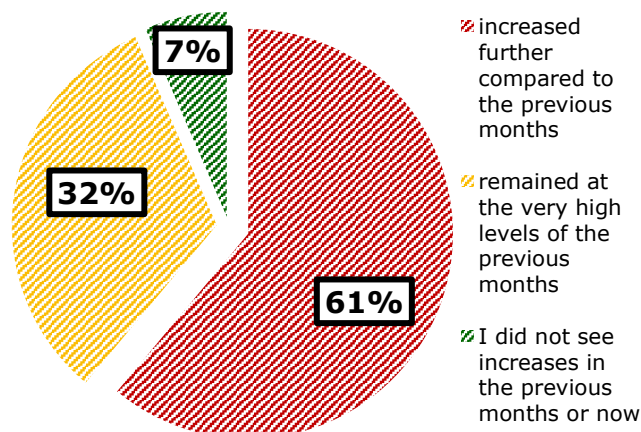
Almost half the footwear manufacturers (49%) reported no variation in employment levels at the end of June compared to the situation six months ago. 39% reported a reduction (as permitted by the applicable legal constraints). A significantly smaller number reported increases (12%).

6. What do you expect the WORKFORCE of your company to be in DECEMBER 2021 compared to the current level?



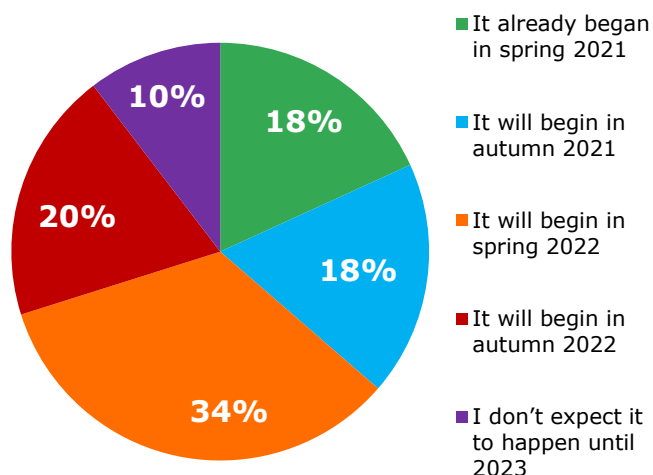
In response to the request for a forecast at the end of the year, 65% of entrepreneurs stated they expected stability around current levels, while 30% expected a reduction. Very few entrepreneurs expected an increase in the workforce (5%).

8. Even in the Fashion supply chain a sharp increase has been reported in the price of raw materials since the end of 2020. In the SECOND QUARTER 2021 you found that these prices...



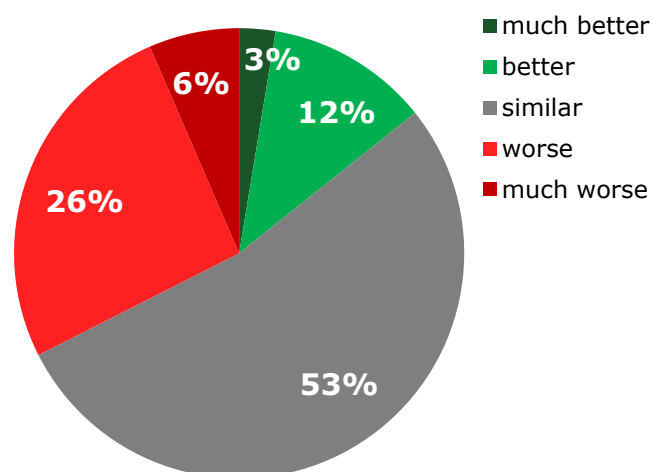
There is no sign of respite in terms of pressure on prices of raw materials: while 32% of operators confirmed that prices had remained on par with the very high levels from previous months, 3 out of 5 footwear manufacturers reported further increases in prices in the second quarter 2021 (61%). Only 7% of the panel did not experience any particular criticalities.

9. In your opinion, for your company the start of the recovery...



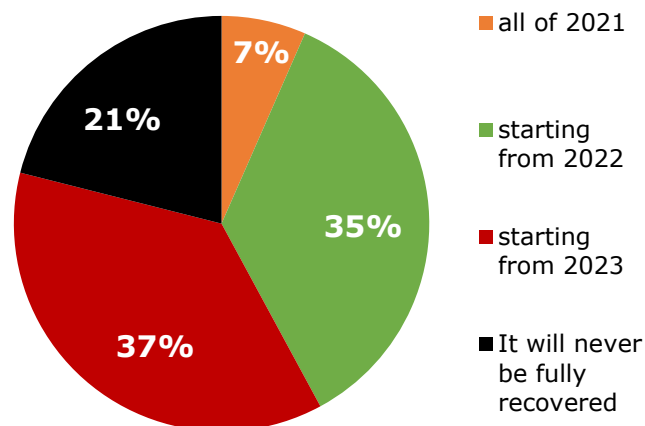
Looking more specifically at company sentiment with regard to the evolution of the economic situation, only 18% experienced the start of the recovery "back in spring 2021". Half of the interviewees (52%) expect the recovery to occur between autumn 2021 (18%) and spring 2022 (34%). However, there was no shortage of respondents who expect an even longer wait: autumn 2022 for 20% of respondents and "no earlier than 2023" for the remaining 10%.

11. In your opinion, compared to your expectations at the start of the year, your company's results in the FIRST HALF of 2021 have been...



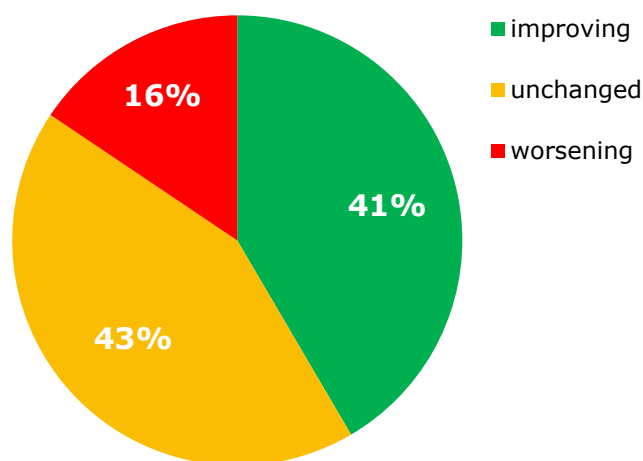
Only 15% of interviewees were positively surprised by their performance in the first half of 2021; for just over half of the sample (53%) trends have been in line with their expectations at the start of the year. More than 30% of respondents were disappointed as they experienced results that were inferior to expectations (with 6% of these experiencing results that were "much worse").

10. How long do you think it will be before you return to your pre-pandemic number of CUSTOMERS?



Prudence remains the prevailing sentiment even in terms of the timeframe required for returning to the pre-pandemic situation for customer portfolios: only 7% of the sample believe they will achieve this during the course of 2021. 35% expect this may occur in 2022. Compared to the previous survey there was an increase in the number of pessimists: 37% of the panel believe they will have to wait until 2023 for a recovery; while a significant 21% fear they will never fully get back all their customers.

12. Compared to the first half of the year you expect the market in the SECOND HALF of 2021 to be...



We also see very cautious optimism in opinions regarding market trends for the second half of 2021. The worrying news on the spread of variants of the virus in many destination markets has resulted in only 41% of respondents expecting an improvement in the general demand conditions in the second half of 2021.

NO. OF ACTIVE COMPANIES AND WORKFORCE

First half 2021

Industry+Craft

Footwear factories and hand and tailor-made footwear

VARIATIONS JUNE 2021 COMPARED TO DECEMBER 2020



-61 COMPANIES
(-1.5% vs. Dec. '20)

4,091



-1,965 WORKERS
(-2.7% vs. Dec. '20)

69,917

Source: Confindustria Moda Research Centre estimates based on balances recorded in the database of the Chambers of Commerce

Total manufacturers of footwear + footwear components
(Ateco CB152)

VARIATIONS JUNE 2021 COMPARED TO DECEMBER 2020



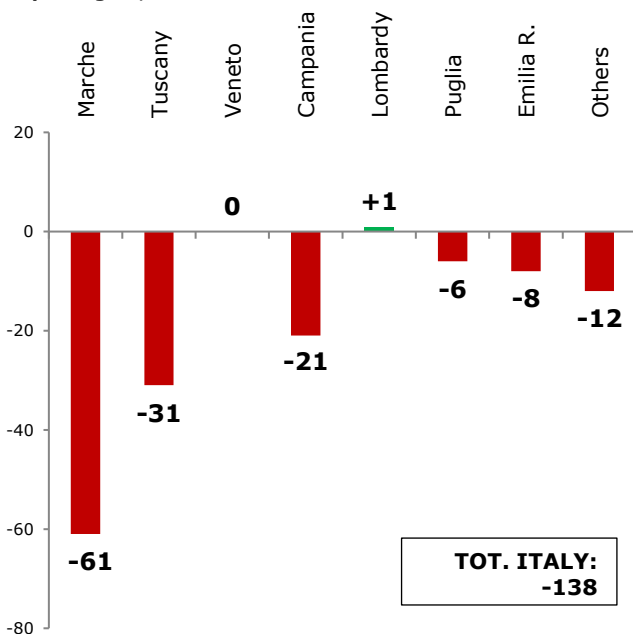
-138 COMPANIES



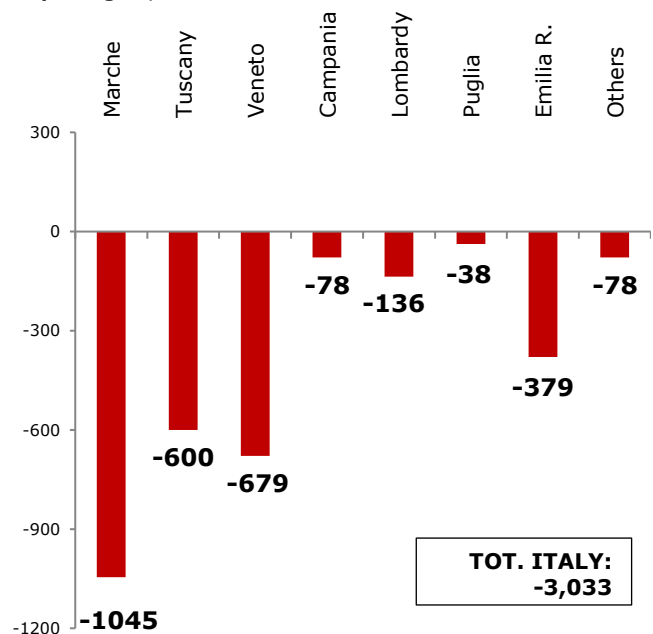
-3,033 WORKERS

Source: Infocamere-Movimprese

**Absolute variations
in the NUMBER
OF ACTIVE COMPANIES**
(Manufacturers of footwear+components)
per region, June 2021 vs. December 2020



**Absolute variations
in the NUMBER
OF WORKERS**
(Manufacturers of footwear+components)
per region, June 2021 vs. December 2020



Source: Infocamere-Movimprese

WAGE SUPPORT (CIG)

First six months of 2021 - Sector of activity: "Hides, leather and footwear"

AUTHORISED HOURS OF WAGE SUPPORT in favour of factory and office workers

	6 months 2019 (Hours)	6 months 2020 (Hours)	6 months 2021 (Hours)	% 21/20	% 21/19
C.I.G. Ordinary	3,130,911	37,786,715	39,494,478	+4.5	+1161.4
C.I.G. Extraordinary	853,061	1,188,454	971,521	-18.3	+13.9
of which:					
- extraordinary in strict sense	849,701	747,355	243,622	-67.4	-71.3
- in derogation	3,360	441,099	727,899	+65.0	+21563.7
TOTAL	3,983,972	38,975,169	40,465,999	+3.8	+915.7
of which:					
first quarter (Jan-Mar)	1,980,600	1,771,719	21,793,314	+1130.1	+1000.3
second quarter (Apr-Jun)	2,003,372	37,203,450	18,672,685	-49.8	+832.1

	Hours authorised by region (ordinary + extraordinary)				
	6 months 2019 (Hours)	6 months 2020 (Hours)	6 months 2021 (Hours)	% 21/20	% 21/19
Piedmont	32,252	591,857	210,580	-64.4	+552.9
Lombardy	426,278	3,825,144	3,989,033	+4.3	+835.8
Veneto	677,592	8,030,112	5,350,813	-33.4	+689.7
Friuli V.G.	8,283	132,121	163,472	+23.7	+1873.6
Emilia Romagna	258,217	1,729,644	2,502,875	+44.7	+869.3
Tuscany	313,277	9,962,577	10,269,647	+3.1	+3178.1
Umbria	35,714	256,273	367,190	+43.3	+928.1
Marche	1,191,414	6,107,880	6,935,684	+13.6	+482.1
Abruzzo	41,424	574,223	507,627	-11.6	+1125.4
Campania	845,309	5,075,617	7,351,757	+44.8	+769.7
Puglia	147,192	2,448,942	2,585,039	+5.6	+1656.2
Other regions	7,020	240,779	232,282	-3.5	+3208.9
TOT. ITALY	3,983,972	38,975,169	40,465,999	+3.8	+915.7

FIRST HALF PERFORMANCE IN PREVIOUS YEARS

Jan-June	C.I.G.			% change vs. previous year		
Year	Ordinary	Extraordinary tot.	Total C.I.G.	Ordinary	Extraord.tot.	Total C.I.G.
2009	5,416,719	3,729,982	9,146,701			
2010	4,209,119	11,368,316	15,577,435	-22.3%	+204.8%	+70.3%
2011	1,972,860	9,117,015	11,089,875	-53.1%	-19.8%	-28.8%
2012	2,799,309	6,944,706	9,744,015	+41.9%	-23.8%	-12.1%
2013	3,743,689	6,606,951	10,350,640	+33.7%	-4.9%	+6.2%
2014	2,720,338	6,273,279	8,993,617	-27.3%	-5.1%	-13.1%
2015	2,675,804	3,736,546	6,412,350	-1.6%	-40.4%	-28.7%
2016	3,055,123	4,381,160	7,436,283	+14.2%	+17.3%	+16.0%
2017	2,477,234	2,424,164	4,901,398	-18.9%	-44.7%	-34.1%
2018	2,265,527	868,699	3,134,226	-8.5%	-64.2%	-36.1%
2019	3,130,911	853,061	3,983,972	+38.2%	-1.8%	+27.1%
2020	37,786,715	1,188,454	38,975,169	+1106.9%	+39.3%	+878.3%
2021	39,494,478	971,521	40,465,999	+4.5%	-18.3%	+3.8%
<i>compared with levels of 12 years ago (=2021 on the first 6 months of 2009):</i>				+629.1%	-74.0%	+342.4%
<i>compared with levels of 2 years ago (=2021 on the first 6 months of 2019):</i>				+1161.4%	+13.9%	+915.7%

Note: TOT. ITALY in ALL SECTORS (ordinary+extraordinary wage support) in the first 6 months of 2021 amounts to 1.27 billion hours, a decrease of -20.3% over the first six months of 2020 (but this still represents a +781.9% increase compared to the first half of 2019 before the pandemic).

Source: INPS, calculations by Confindustria Moda Research Centre for Assocalzaturifici_08/2021.