

EYEWEAR SHINES WITH EXPORTS, BUT MUST TAKE INTO ACCOUNT INCREASING COSTS

**2022 PRELIMINARY BALANCE: PRODUCTION +24%, EXPORT +22.5%.
1H 2023 FORECAST: EXPORT +6-8%.**

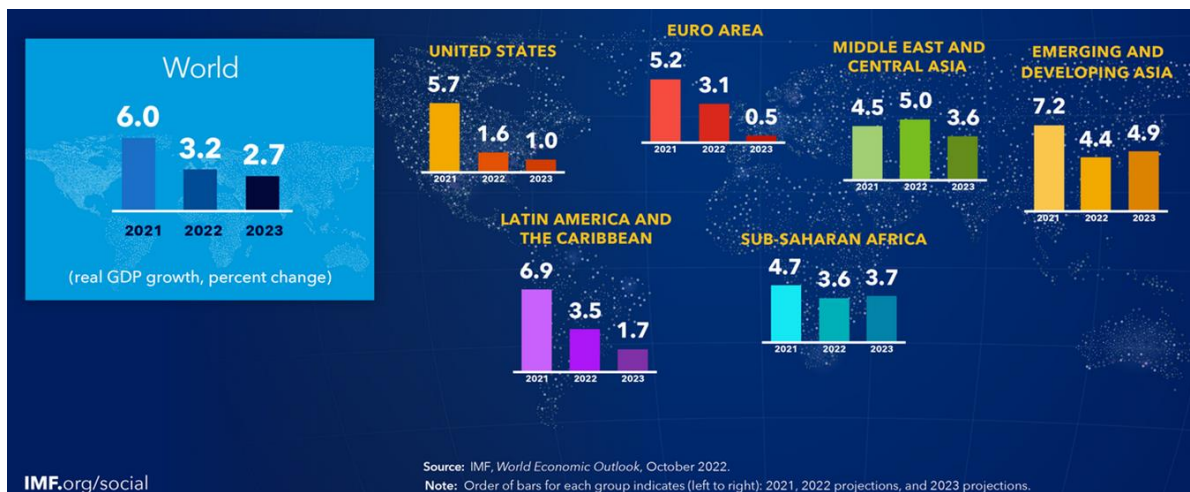
THE 2022 GLOBAL CONTEXT

At the gates of 2022, the world was expecting a simpler, post-pandemic period, but reality made us realise that we were facing something quite different. 2022 was a year that will be remembered in economics and history books for the Russian invasion of Ukraine, which disrupted an economic system that had yet to stabilise from the pandemic.

We have entered a world of even more rapid change, with unprecedented political and media polarisation, severe supply chain problems, spikes in inflation, debt and geopolitical conflicts. Some analysts have gone so far as to call this situation '**the new era of chaos**'.

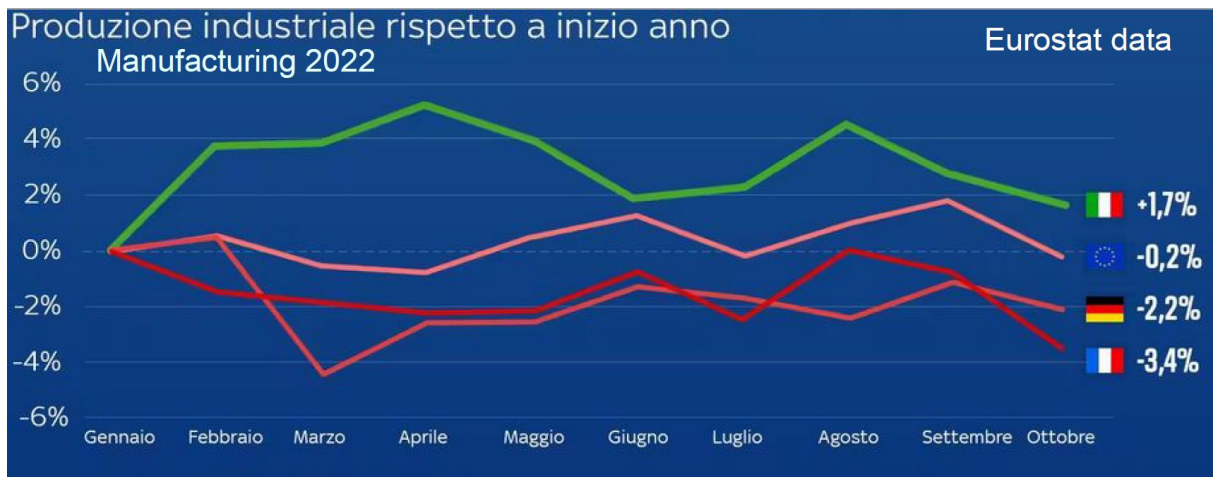
In the course of 2022, the conflict in Ukraine, the soaring cost of living and this new atmosphere of extreme general concern were the leitmotif of the entire global economic scenario. In its latest October Outlook, the IMF reported a sharp slowdown for the US economy compared to expectations at the beginning of the year, as well as for the German economy.

The worst energy crisis ever, inflation at its highest since the 1980s and rising interest rates have effectively **shifted all economic growth forecasts for all countries downwards**.



THE ITALIAN ECONOMY IN 2022

Despite this general climate, it must be said that **the Italian economy**, after an initial moment in which it seemed that it would suffer a recession in the second half of the year, over the course of the months the Italian manufacturing system has withstood the blow, continuing to grow at a good pace. So much so that it recorded the best industrial production among the major European economies since the beginning of the year.



Overall world trade grew, however, supported by the US and the Eurozone. In particular, **Italian exports** grew more than those of other European countries due to some specific factors: the weakness of the Euro, the good geographical positioning less exposed to China and countries involved in the Ukrainian conflict, and the robust American demand for Italian products.

THE ITALIAN EYEWEAR IN 2022

Italian eyewear did not escape this dynamic: thanks to its strong international propensity, it performed brilliantly in international markets, but inflationary tensions and uncertainty weighed on the domestic market and margins.

On the basis of the latest available data (October 2021), a 2022 preliminary balance was drawn up that sees Italian eyewear **production in 2022 at EUR 5.17 billion**, an increase of 24% compared to 2021.

The total balance of producers dropped by about 2 percentage points to **830 companies** nationwide. On the employment front, the end of the year seems to be positive for the time being: the sector basically closes with **18,250 employees**, a situation that is largely stable compared to 2021.

EXPORT 2022 PRELIMINARY BALANCE

Exports, of frames, sunglasses and lenses, which absorb about 90 per cent of the sector's production, grew by **22.5 per cent over 2021** to about EUR 5 billion (**EUR 4.94 billion**).

Sunglasses exports in 2022 showed a trend change of **28.9 %** to almost **EUR 3.4 billion**. The year 2022 marked the complete recovery of sunglasses exports, which had suffered so much during the pandemic period.

Exports of frames, on the other hand, grew by **9.9 per cent** to **EUR 1.4 billion**.

In spite of difficulties in sourcing raw materials, delivery times and back shoring phenomena, a good recovery was also marked by **imports**, which closed 2022 with a preliminary figure of around **EUR 1.7 billion, +22.3%** compared to 2021 values.

The trade balance of Italian eyewear increases its surplus (**approx. EUR 3.3 billion export-import balance in 2022**).

PRELIMINARY EXPORT FIGURES 2022: GEOGRAPHICAL AREAS

Considering the two product macro-segments as a whole, sunglasses and frames, with regard to the **geographical areas in** detail, we can observe that:

- **The reference area for** eyewear exports is still **Europe** (in 2022 the export share remained constant, absorbing about 50% of all exports in the sector) with a **trend growth of 20%** over 2021 (+28.1% for sunglasses, +6% for frames).
- In **America**, Italian eyewear exports accounted for more than 36% of all exports in 2022. The increase in exports of eyewear was **23.2%** compared to 2021. Driving this growth was the excellent performance of exports of sunglasses +27.9% flanked by +11.3% of frames.
- **Asia** benefited from the renewed international mobility of some countries: the share of Italian exports to the Asian area reached 13.1% in 2022 (but was over 16% in 2019). The trend change in exports was **+34.4%** compared to 2021 (+24.6% for exports of frames, +38.1% for sunglasses).
- **Africa** remains an area that absorbs a share of the sector's exports of less than 1.5%, but which could represent a good, as yet unexpressed potential. In 2022, total Italian eyewear exports to the region remained substantially stable compared to 2021 (+0.1%).
- In **Oceania**, which remains a marginal area with a share of close to 0.5 per cent, Italian exports of sunglasses and frames in 2022 grew by 22.4 per cent in value compared to 2021.

PRELIMINARY EXPORT FIGURES 2022: COUNTRIES

From the point of view of the analysis by individual export countries, one can point out:

- in the **United States** (which has always been the leading market for the sector, with a share of more than 30% in 2022) **total exports of frames and sunglasses were up 20.2%** on 2021. Both sectors grew: exports in value of frames increased by 7.1% and those of sunglasses by 24.8 % over 2021.
- In Europe, Italian exports in the various countries performed very well in relation to 2021. In **France**, the export forecast for the sunglasses sector in 2022 recorded **+18.1%** over 2021 (+5.5% for frames and +28% for sunglasses). In **Germany** as a whole, growth was **24.5%** over 2021, broken down as +32.2% for sunglasses exports and +12% for frames. The preliminary balance for exports to **Spain** was very good, with **+31.8%** in value compared to 2021 (substantially stable exports of frames at +1.5%, with exports of sunglasses recovering sharply with +48.6%). The result obtained by Italian eyewear exports to the **United Kingdom** was the least brilliant: overall exports were **+4.8%** in value compared to 2021, but sustained by +8.1% in sunglasses against a negative performance of exports of frames at -3.5%. Italian eyewear exports to **Northern and Eastern European countries** continued to perform well: Sweden (+20.6% compared to 2021), Poland (+24.1%), Croatia (+15.7%), Austria (+17.4%), Denmark (+14.3%) and Hungary (+31.3%).
- We conclude with the trend of eyewear exports to the **BRIC's**, which together in 2022 absorb just over 6% of the sector's exports (in 2019 they were at over 8%). Clearly, due to the conflict, Italian exports to Russia have been heavily penalised:
 - **Brazil** +26.5% (+23.8% sun and +30% frames) compared to 2021
 - **Russia** -47.8% (-46.3% sun and -42.7% frames)
 - **India** +61.9% (+73.8% sun and +44% frames)
 - **China** +46.7% (+54.3% sun and +30.3% frames).

2022 PRELIMINARY BALANCE FOR DOMESTIC MARKET

As in 2021, eyewear showed two speeds, one very fast in international markets, one with the brakes on in the domestic market.

Consumption, as monitored by GfK in the specialised optical channel, performed well with respect to 2021 (+6% the figure for January-October, the latest available); however, these values lead us to a projection in value for 2022 of a little more than 2019, very close in short to the **EUR 3 billion that have been the value of the Italian mkt for many years**.

An in-depth look at the data finally shows a recovery in sunglasses, but this is offset by the lacklustre performance of the prescription segment, which had recovered very well in 2021, returning to previous values. The figure for ophthalmic lenses, which now accounts for 50% of point-of-sale turnover, is confirmed.

The sell-in figure also confirms these trends.

2023 FORECASTS

Despite a less bad 2022 than expected, **the general forecast for 2023 is not good.**

In the coming months, the forecast scenario predicts a gradual slowdown in advanced countries' foreign trade and growth due to a number of decisive factors: high energy costs, the depreciation of the euro, below par against the dollar, record inflation in Italy and the Eurozone that does not seem to be receding, sharply rising interest rates and a widening of sovereign spreads in the Eurozone.

For the Italian eyewear industry, the issue no longer seems to be the speed of its exports, which will probably decrease, but taking advantage of the weakness of the euro in its main outlet market, the United States, it will still be able to grow in value **(+6-8% is the forecast for the first half of 2023)**.

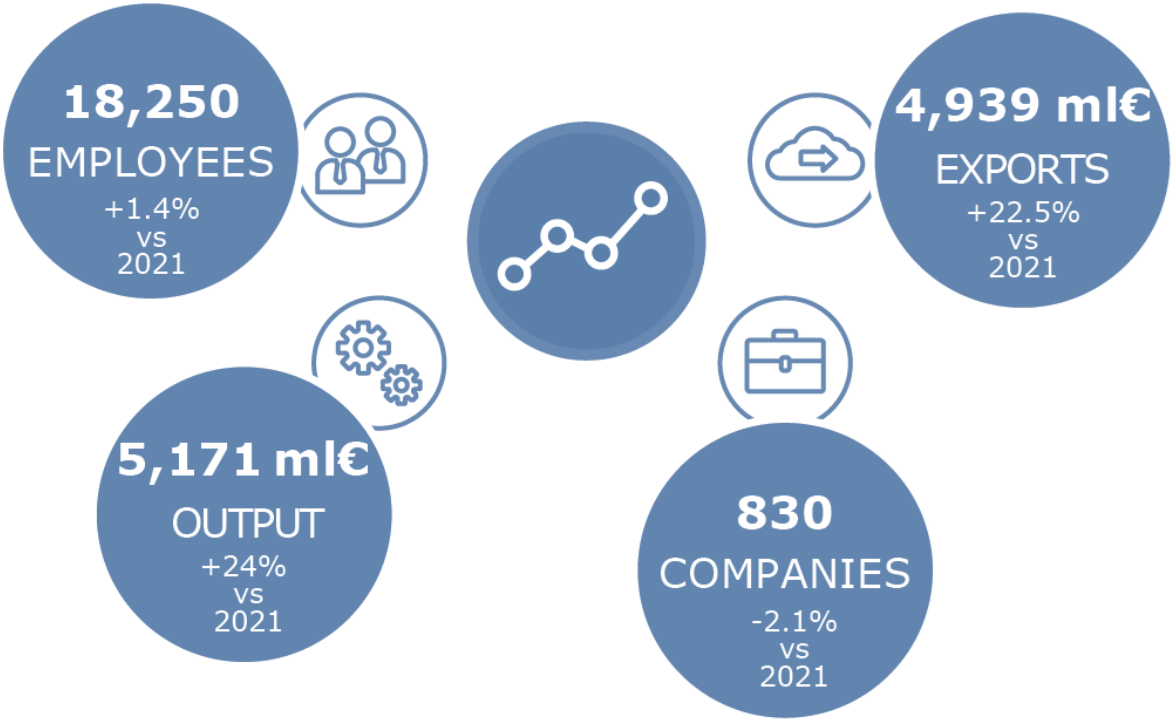
The real and central issue for the eyewear industry, as for most of Italian manufacturing, is that of rising **COSTS**.

The costs of energy, raw materials, transport, services, logistics and packaging have reached such a level that companies can no longer absorb them internally. It is estimated that they have **more than doubled on average compared to the pre-pandemic period**. As a result, companies are working with ever-diminishing margins that put at risk the survival of the companies themselves, especially small and medium-sized enterprises.

*"We have experienced a 2022 that has shown several faces: double-digit exports, a stagnant domestic market, costs that do not seem to have a ceiling. - Says ANFAO President Giovanni Vitaloni. - Many companies, especially the small ones, are really struggling despite the fact that commissions and orders are not lacking right now. The effort for our companies has been to absorb the increase in costs as much as possible precisely in order to avoid a direct knock-on effect on the last link in the chain, the end consumer. However," continues Vitaloni, 'it must be said that we are now working with very low margins, in some cases zero. This is a situation that we hope can somehow be remedied in the short term, otherwise in the long run it would mean jeopardising the companies' own investments in communication, training, research, development and innovation. And this,' concludes the President of ANFAO and MIDO, 'would really be a pity at a time when the sector seems to have returned to structural growth, as also witnessed by the great participation of companies **at MIDO 2023**.*

GRAPHICAL AND TABULAR COMPENDIUM OF DATA
Processing by ANFAO and Confindustria Moda for ANFAO on data from ISTAT, Coeweb, Global Trade Atlas, INPS, CCIAA, Cerved Atoka.

ITALIAN EYEWEAR DETAILS
2022 vs 2021



10 years of Italian eyewear

(Millions of Euros)

	2013		2014		2015		2016		2017		2018		2019		2020		2021		2022 (estimated)	
	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %	Euro	var. %
Production	2.897,58	3,5%	3.170,93	9,4%	3.564,60	12,4%	3.697,48	3,7%	3.804,71	2,9%	3.865,14	1,6%	3.991,16	3,3%	3.089,16	-22,6%	4.170,36	35,0%	5.171,25	24,0%
Export	2.781,68	6,1%	3.064,38	10,2%	3.453,42	12,7%	3.579,16	3,6%	3.698,12	2,3%	3.732,36	0,9%	3.885,71	4,1%	2.887,06	-25,7%	4.017,59	39,2%	4.939,77	22,5%
Import	885,27	4,9%	987,99	11,6%	1.146,26	16,0%	1.183,83	3,3%	1.224,11	2,4%	1.261,90	3,1%	1.386,57	9,9%	1.088,34	-21,5%	1.353,82	24,4%	1.666,99	22,3%
Domestic Mkt	941,18	-2,2%	931,94	-1,0%	985,43	5,7%	1.007,15	2,2%	994,70	-1,2%	984,68	-1,0%	984,03	-0,1%	845,44	-14,1%	978,59	15,7%	1.012,47	3,9%

ANFAO estimated figures based on ISTAT and Global Trade Atlas data

Italian eyewear industry structure

NATIONAL FIGURES

YEAR	PRODUCTION	EMPLOYEES	COMPANIES	INDUSTRIAL SCALE COMPANIES
2022 (estimated)	5.171	18.250	830	145
2021	4.170	18.000	848	147
2020	3.089	18.100	860	153
2019	3.991	18.082	879	154
2018	3.865	17.673	867	159
2017	3.805	17.284	863	160
2016	3.697	17.250	862	160
2015	3.565	17.245	870	158
2014	3.171	16.195	868	165
2013	2.898	15.830	869	166

ANFAO estimated figures based on ISTAT and Global Trade Atlas data.

VARIATIONS

YEAR	PRODUCTION	EMPLOYEES	COMPANIES	INDUSTRIAL SCALE COMPANIES
2022 (estimated)	24,0%	1,4%	-2,1%	-1,4%
2021	35,0%	-0,6%	-1,4%	-3,9%
2020	-22,6%	0,1%	-2,2%	-0,6%
2019	3,3%	2,3%	1,4%	-3,1%
2018	1,6%	2,3%	0,5%	-0,6%
2017	2,9%	0,2%	0,1%	0,0%
2016	3,7%	0,0%	-0,9%	1,3%
2015	12,4%	6,5%	0,2%	-4,2%
2014	9,4%	2,3%	-0,1%	-0,6%
2013	3,5%	-2,4%	-1,3%	-1,8%

ITALIAN EYEWEAR: IMPORT/EXPORT

JANUARY-DECEMBER 2022

€ Value

PRODUCTS	2020		2021 revisionato		2022 estimated	
	import	export	import	export	import	export
LENSES MADE BY GLASS	32.729.315	15.072.125	45.695.137	20.498.354	46.770.269	28.273.055
LEMENSES IN OTHER MATERIAL	174.900.774	60.086.680	201.477.805	63.982.385	222.320.436	73.113.080
TOTAL LENSES	207.630.089	75.158.805	247.172.942	84.480.739	269.090.705	101.386.135
FRAMES	439.821.126	937.392.772	623.707.818	1.309.930.311	743.144.212	1.439.410.475
SUNGLASSES	440.889.664	1.874.510.366	493.245.988	2.637.671.042	656.754.124	3.398.975.104
TOTAL FRAMES AND SUNGLASSES	880.710.790	2.811.903.138	1.116.953.806	3.947.601.353	1.399.898.335	4.838.385.578
TOTAL EYEWEAR	1.088.340.879	2.887.061.943	1.364.126.748	4.032.082.092	1.668.989.040	4.939.771.714

ANFAO estimated figures based on ISTAT and Global Trade Atlas data

PERCENTAGE VARIATIONS

PRODUCTS	2021 VS 2020		2022 VS 2020		2022 VS 2021	
	import	export	import	export	import	export
LENSES MADE BY GLASS	39,6%	36,0%	42,9%	87,6%	2,4%	37,9%
LEMENSES IN OTHER MATERIAL	15,2%	6,5%	27,1%	21,7%	10,3%	14,3%
TOTAL LENSES	19,0%	12,4%	29,6%	34,9%	8,9%	20,0%
FRAMES	41,8%	39,7%	69,0%	53,6%	19,1%	9,9%
SUNGLASSES	11,9%	40,7%	49,0%	81,3%	33,1%	28,9%
TOTAL FRAMES AND SUNGLASSES	26,8%	40,4%	59,0%	72,1%	25,3%	22,6%
TOTAL EYEWEAR	25,3%	39,7%	53,4%	71,1%	22,3%	22,5%

ANFAO estimated figures based on ISTAT and Global Trade Atlas data

**ITALIAN EYEWEAR EXPORTS 2022:
LEADING EXPORT MARKETS AND MARKET SHARE**

Frames		
1	United States	23,8%
2	France	14,5%
3	Germany	7,9%
4	UK	4,9%
5	Spain	4,6%
6	China	4,5%
7	Netherlands	3,1%
8	Mexico	2,6%
9	Poland	2,1%
10	Portugal	1,9%

Sunglasses		
1	United States	33,1%
2	France	9,4%
3	Germany	6,4%
4	UK	5,9%
5	Spain	5,1%
6	China	4,8%
7	Turkey	2,7%
8	Mexico	2,5%
9	Netherlands	2,2%
10	UA Emirates	1,8%

ANFAO estimated figures based on ISTAT and Global Trade Atlas data

ITALIAN EYEWEAR EXPORTS 2022: ESTIMATED PERCENTAGE CHANGES IN VALUE VERSUS 2021					
Nr.	Countries	Sunglasses + Frames	Sunglasses	Frames	Mkt share
1	United States	20,2%	24,8%	7,1%	30,3%
2	France	18,1%	28,0%	5,5%	10,9%
3	Germany	24,5%	32,2%	12,0%	6,8%
4	UK	4,8%	8,1%	-3,5%	5,6%
5	Spain	31,8%	48,6%	1,5%	4,9%
6	China	46,7%	54,3%	30,3%	4,7%
7	Mexico	48,0%	63,0%	22,4%	2,5%
8	Netherlands	16,5%	29,2%	0,0%	2,5%
9	Turkey	76,5%	85,7%	49,7%	2,4%
10	UA Emirates	38,4%	41,0%	32,5%	1,8%

ANFAO estimated figures based on ISTAT and Global Trade Atlas data

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