

Eyewear Key Figures 2018

EUROM I General Assembly, 14th June 2019

GENERAL INFORMATION 2018

▶ Population:	60.391.157 (-0,1% vs 2017)
▶ GDP per capita:	27.723€ (+0,0% vs 2017)
▶ Population over-40:	59,7% of population
▶ Population over-65:	22,6% of population
▶ Population with visual defects:	63%
▶ Number of optical shops:	9.310 (-1% vs 2017)
▶ Population/shops:	6.487



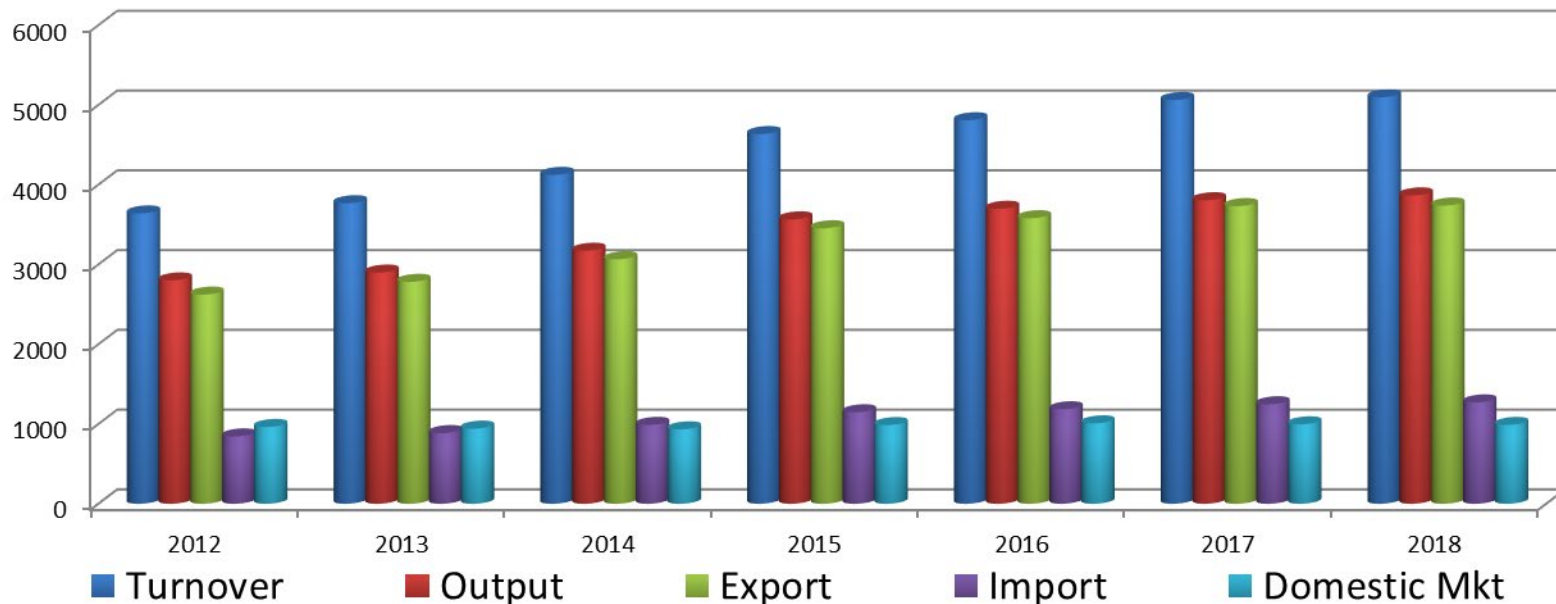
Population data, GDP data: ISTAT - IMF
Optical shops data: GfK
Others data: ANFAO

2018: A "WAITING" YEAR FOR ITALIAN EYEWEAR

- ▶ **The general context is not exactly brilliant; global commerce is down and global trade remains weak due to ever-growing uncertainties.** Among the many factors aggravating this state of uncertainty are protectionist policies, tensions between the USA-China and in other areas (Iran, Venezuela), and the Brexit dilemma.
- ▶ **The Italian eyewear industry** results reflect the above illustrated situation.
- ▶ **Export-wise, 2018 was stagnant.** The year certainly got off to a bad start, also because of adverse weather conditions postponing the sunglasses season. Exports however picked up pace late in the year, and ended up being slightly higher than 2017.
- ▶ The domestic market at this point is unfortunately in a state of recession. Consumption decreased, and 2018 closed with negative results.

ITALIAN EYEWEAR 2018: MAIN FIGURES

- ▶ **867 companies (+0,0% over 2017)**
- ▶ **17.673 people employed (+2,3% over 2017)**
- ▶ **3.865 millions euro production (+1,6% over 2017)**
- ▶ **5.095 millions euro turnover (+0,7% over 2017)**
- ▶ **3.738 millions euro export (+1,1% over 2017)**
- ▶ **987 millions euro domestic market (-0,8% over 2017 – sell-in value)**



ITALIAN EYEWEAR INDUSTRY: DETAILS OF LAST 5 YEARS

- ▶ In **2018**, Italian eyewear **production** totaled **3.865 million Euro**, up by **1,6%** from **2017**. The **turnover** totaled **5.095**, up by **0,7%** over **2017**.
- ▶ Although 2018 was a moderately stable year for the eyewear industry, the sector's growth exceeded the national average.

	2014		2015		2016		2017		2018	
Million € value	Euro	var.%	Euro	var.%	Euro	var.%	Euro	var.%	Euro	var.%
Turnover	4.122	9,4%	4.634	12,4%	4.807	3,7%	5.060	5,3%	5.095	0,7%
Output	3.171	9,4%	3.565	12,4%	3.697	3,7%	3.805	2,9%	3.865	1,6%
Export	3.064	10,2%	3.453	12,7%	3.579	3,6%	3.731	3,2%	3.738	0,2%
Import	988	11,6%	1.146	16,0%	1.184	3,3%	1.247	4,3%	1.270	1,9%
Domestic Mkt	932	-1,0%	985	5,7%	1.007	2,2%	995	-1,2%	987	-0,8%

ITALIAN EYEWEAR INDUSTRY STRUCTURE

- ▶ The **number of companies essentially remained the same with 867** businesses nationwide, 4 more than last year.
- ▶ **Employment perspectives are good**, especially because of substantial investments by the largest companies in the industry. Nearly 400 jobs were created. Without accounting for the different types of contract, **at the end of 2018, the eyewear industry had 17.673 employees, up 2,3% from 2017.**

YEAR	TURNOVER	PRODUCTION	EMPLOYEES*	COMPANIES	INDUSTRIAL SCALE COMPANIES
2018	5.095	3.865	17.673	867	159
2017	5.060	3.805	17.284	863	160
2016	4.807	3.697	17.250	862	160
2015	4.634	3.565	17.245	870	158
2014	4.122	3.171	16.195	868	165

ANFAO figures based on ISTAT, INPS and CCIAA data

*This figure does not include temporary employment contracts

IMPORT – EXPORT 2018

ITALIAN EYEWEAR INDUSTRY: 2018 EXPORT PERFORMANCE

- ▶ **Exports of frames, sunglasses and lenses**, accounting for **90%** of the sector's overall production, remained more or less in line with 2017, **rising slightly by 1,1%**, for a total of **3.738 million Euro**.
- ▶ In 2018 **sunglasses exports were up by 1,2%**, totaling approx. **2.525 million Euro**.
- ▶ **Exports of frames increased by only 0,4%**, totaling about **1.128 million Euro**.
- ▶ **Imports increased by 3,8%**, totaling close to 1.270 million Euro, thereby confirming the liveliness of the sector.
- ▶ The Italian eyewear industry **trade balance continues to be largely in surplus** (2.468 million Euro export/import balance in 2018), about the same as 2017.



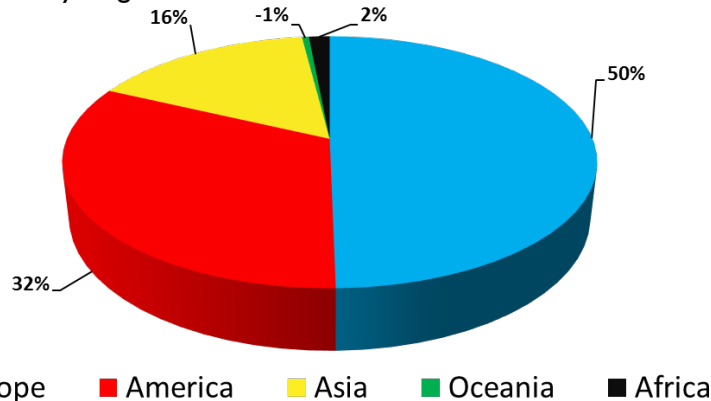
Source: ANFAO

ITALIAN EYEWEAR EXPORT: 2018

GEOGRAPHICAL DETAILS

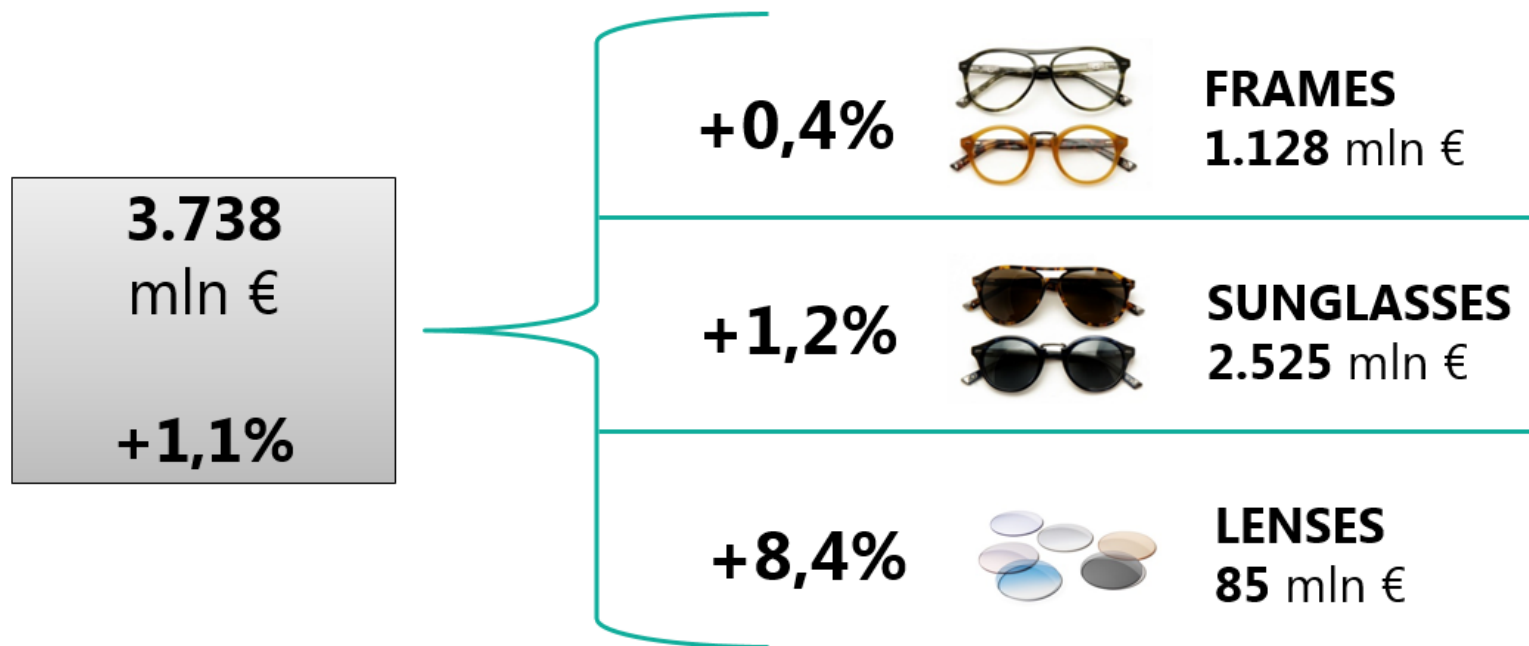
Exports recovered in the last few months of 2018, especially in October and November, causing the optical-sunglasses year-end results to rise slightly above 2017 (+0,9%). **In some geographical areas however this recovery did not suffice to close the gap** and offset the decline in exports suffered in the first part of the year. Therefore, **only Europe and America**, which respectively account for 49,7% and 32,3% of the industry exports, **posted growth higher than the overall average**:

- ▶ the main market for eyewear exports in 2018 continued to be **Europe**, with a growth trend of **2%** (+2,5% for sunglasses, 1,2% for frames)
- ▶ sunglasses-frames exports to the **Americas** were **2,2% higher** than in 2017 (+4% for sunglasses, -2, 3% for frames). We should also note the different growth within the two Americas: in North America recovery and growth were solely attributable to sunglasses, while frames played that role in Central and South America.
- ▶ **Asia**, which now claims 16% of Italian sunglasses and frames exports, suffered a **2,2% decrease** in 2018. An opposite performance was reported for exports of sunglasses (-3,9%) and frames (+3,9%). Also, given the extensive size of the Asian continent, we should note that the sunglasses negative trend primarily originated from Western Asia.











Source: ANFAO

ITALIAN EYEWEAR EXPORT 2018



Source: ANFAO












ITALIAN EYEWEAR EXPORT 2018: GEOGRAPHICAL DETAILS

VALUE AND MKT SHARE		CHANGE IN VALUE VS 2017			
1,5% 54,8 ml €		AFRICA	-16,2%	+4,2%	-23,9%
16% 584,5 ml €		ASIA	-2,2%	+3,9%	-3,9%
32,3% 1.179,3 ml €		AMERICA	+2,2%	-2,3%	+4%
49,7% 1.815,5 ml €		EUROPE	+2%	+1,2%	+2,5%
0,5% 18,8 ml €		OCEANIA	-19%	-24,6%	-17,1%

Source: ANFAO










ITALIAN EYEWEAR EXPORT 2018: MAIN COUNTRIES DETAILS

VALUE AND MKT SHARE	CHANGE IN VALUE VS 2017	 	 	 
26,3%  959,7 ml €	USA	+2,7%	-5,6%	+5,9%
12,1%  443,2 ml €	FRANCE	-0,1%	+4,1%	-3,1%
6,8%  247,3 ml €	UK	+7%	-2,4%	+11,1%
6,3%  230 ml€	GERMANY	-1,4%	-4,9%	+1%
6,1%  221,6 ml€	SPAIN	-4,2%	+1,2%	-6,3%



Source: ANFAO

ITALIAN EYEWEAR EXPORT 2018: GOOD NEWS FROM NORTHERN AND EAST EU

VALUE AND MKT SHARE		CHANGE IN VALUE VS 2017			
0,6% 21,3 ml €		SWEDEN	+23,7%	+12,9%	+32,2%
0,6% 21,2 ml €		NORWAY	+21,4%	+28,8%	+17,6%
0,5% 18,3 ml €		HUNGARY	+18,2%	+7,7%	+21,4%
0,9% 33,6 ml€		POLAND	+2,9%	+3,5%	+2,1%

Source: ANFAO

ITALIAN EYEWEAR EXPORT 2018: BRIC'S AND EMERGING COUNTRIES

VALUE AND MKT SHARE	CHANGE IN VALUE VS 2017		VALUE AND MKT SHARE	CHANGE IN VALUE VS 2017	
5,1% 185 ml €	CHINA	-2,6%	1,6% 59,6 ml €	BRAZIL	-6,8%
2,2% 80,2 ml€	MEXICO	+14,2%	1% 35,8 ml €	RUSSIA	+0,5%
2% 73,1 ml €	TURKEY	-1,1%	0,9% 32,4 ml€	ISRAEL	-19,7%
1,8% 64,8 ml €	SOUTH KOREA	+1%	0,6% 20,5 ml€	JAPAN	+10,4%
1,7% 62,4 ml €	UAE	-6,1%	0,5% 16,9 ml€	INDIA	+18,6%

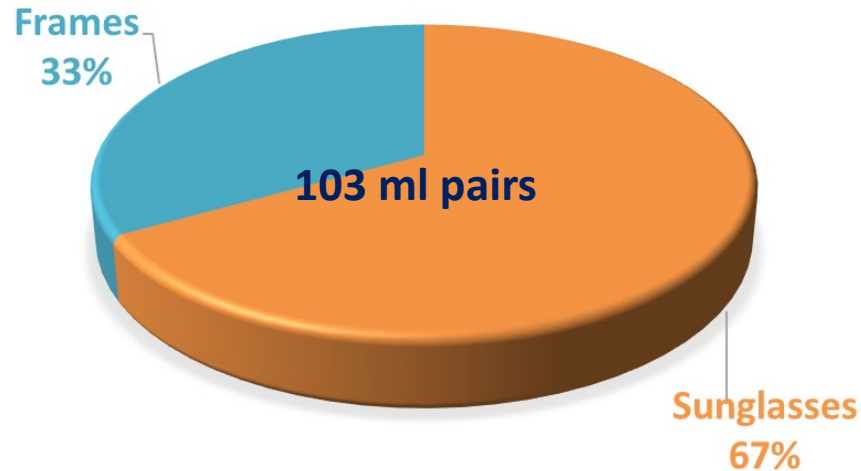
Source: ANFAO



ITALIAN EYEWEAR INDUSTRY: 2018 EXPORT VOLUME

The Italian eyewear industry exported about **103 million pairs of eyeglasses in 2018**, about the same as in 2017 (-0,2%).

Of the overall total pairs exported, **69 million were sunglasses (67%)** and 34 million were optical frames (33%). More specifically, the exports volume for sunglasses (-0,1%) and frames (-0,3%) remained stable compared to last year.



Source: ANFAO

DOMESTIC MARKET

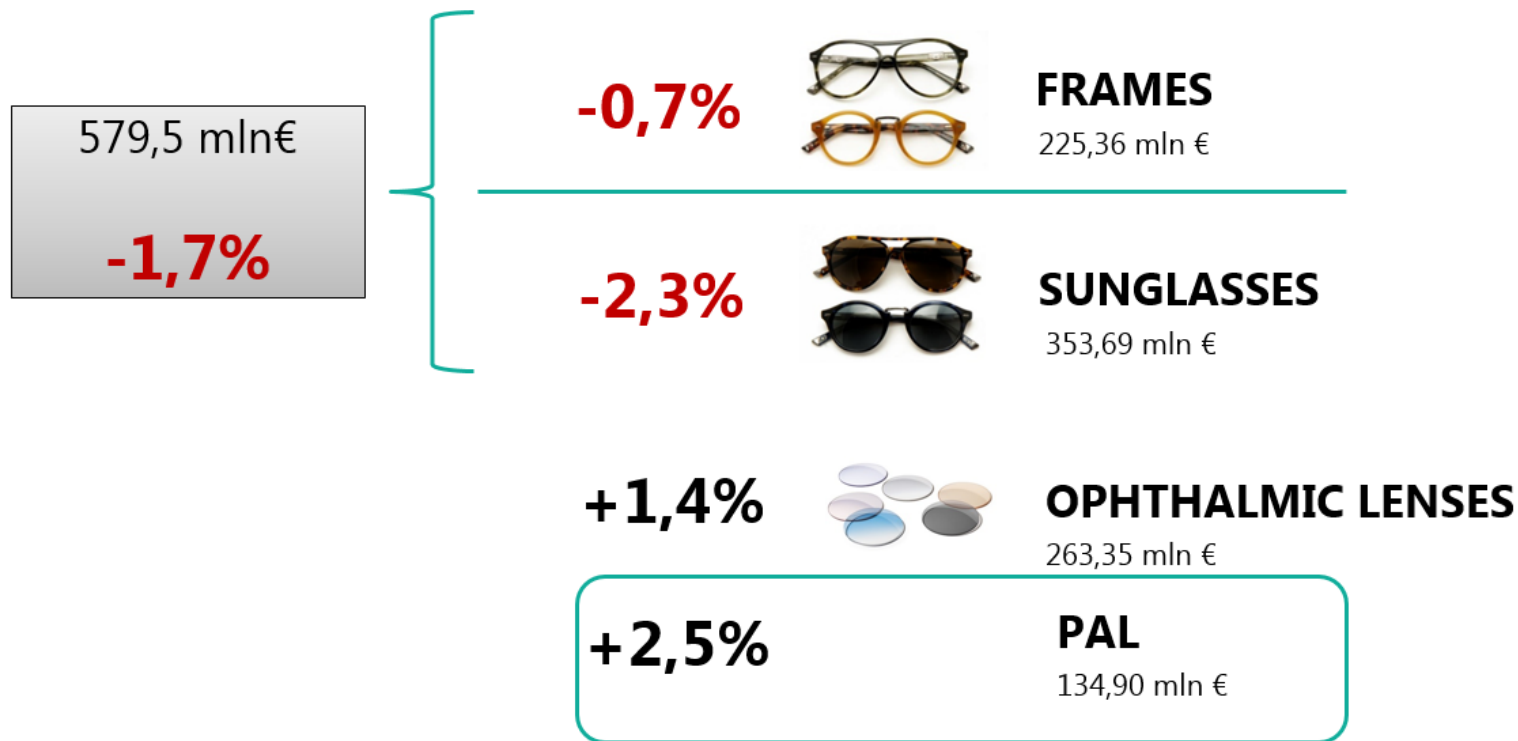
MAIN FACTS

- ▶ In 2018 the **domestic market suffered yet another setback**, and closed in negative territory for the second consecutive year. **Sell-in figures** compiled by ANFAO show a **0,8% decrease in overall value**.
- ▶ **Sell-out figures, and therefore consumption, reported by GfK for specialized eyewear channels are down by 0,7%**, for an overall value of nearly 2.9 billion Euro. **Sunglasses and optical frames were the most affected** (-4.9% and -4.6% respectively), while optical lenses seemed to hold and increase in value (+2.5%), especially due to the high refractive index and progressive lenses market sectors.
- ▶ **The market trend for frames and sunglasses remains focused on high-end (luxury), and low-end (i.e. private label products), to the detriment of mid-high range offerings. Also with regard to sunglasses, the market share of traditional optical channels continues to decrease and shift in favor of online sales channels.**



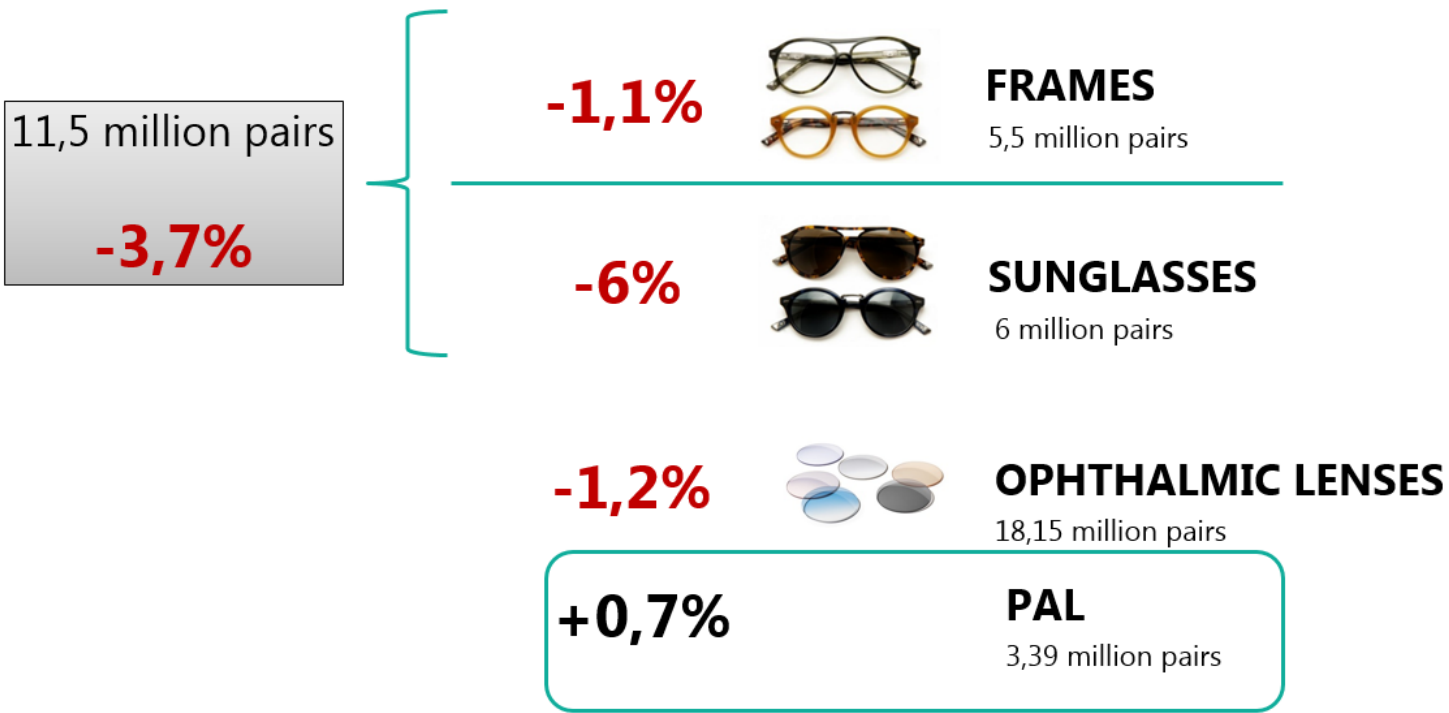
Source: ANFAO

2018 ITALIAN EYEWEAR INDUSTRY SELL-IN BY VALUE



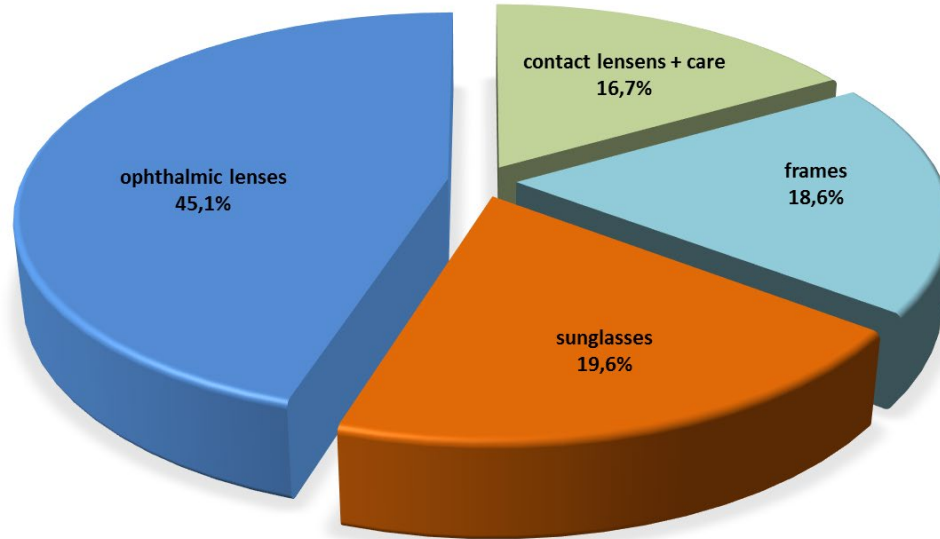
Source: ANFAO

2018 ITALIAN EYEWEAR INDUSTRY SELL-IN BY VOLUME



Source: ANFAO

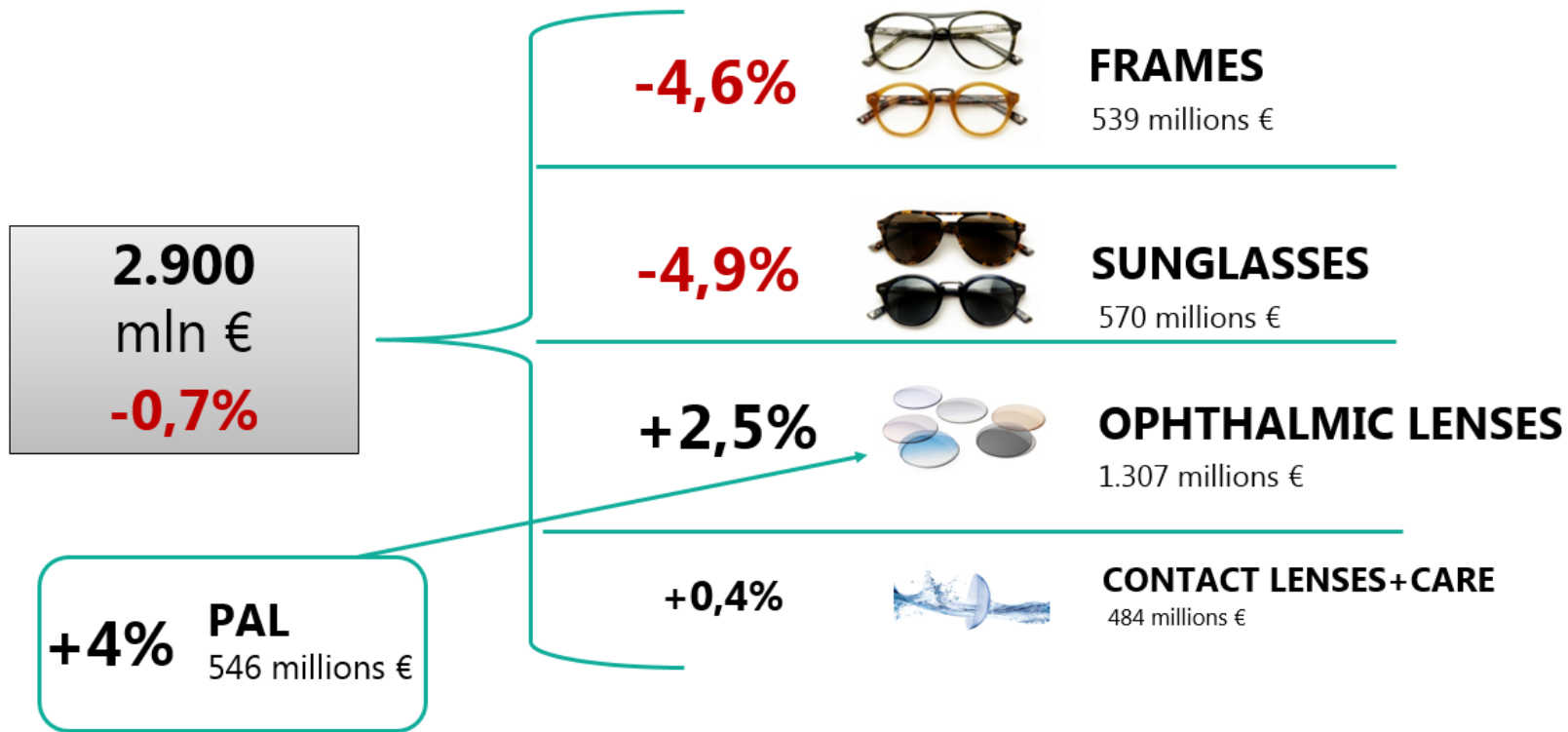
2018 OPTICAL TRADE SHARE OF TURNOVER



Ophthalmic lenses represent the 45% of optical trade turnover.

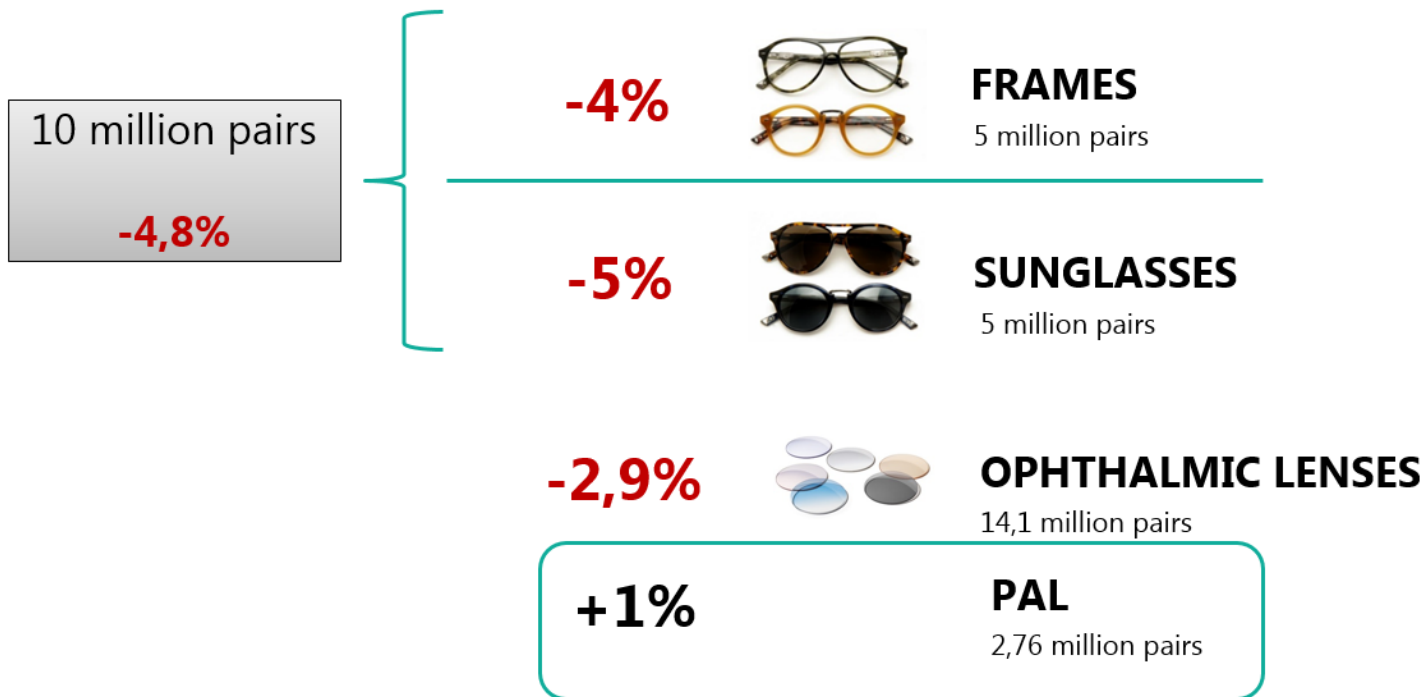
Source: ANFAO

2018 ITALIAN EYEWEAR INDUSTRY SELL-OUT BY VALUE



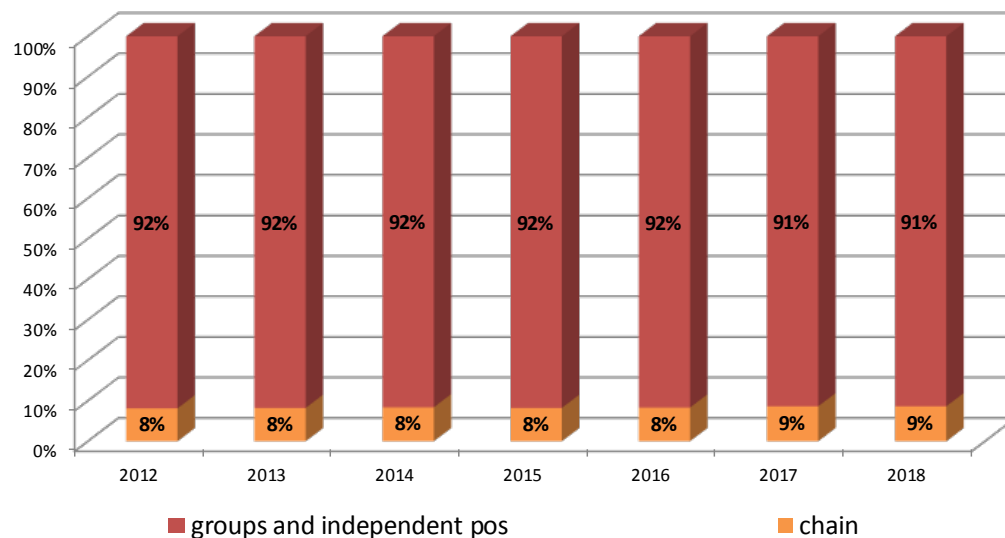
Source: ANFAO processing on GfK Panel Retail Market data

2018 ITALIAN EYEWEAR INDUSTRY SELL-OUT BY VOLUME



2018 OPTICAL TRADE STRUCTURE

Optical Shops	2012	2013	2014	2015	2016	2017	2018	18 VS 17
TOTAL POS	10.041	9.969	9.895	9.817	9.638	9.404	9.310	-1,0%
chain	817	821	829	810	801	811	805	-0,7%
groups and independent pos	9.224	9.148	9.066	9.007	8.837	8.593	8.505	-1,0%
TURNOVER PER POS	€ 282.000	€ 279.000	€ 280.000	€ 285.000	€ 310.000	€ 299.000	€ 297.500	-0,5%



Source: ANFAO

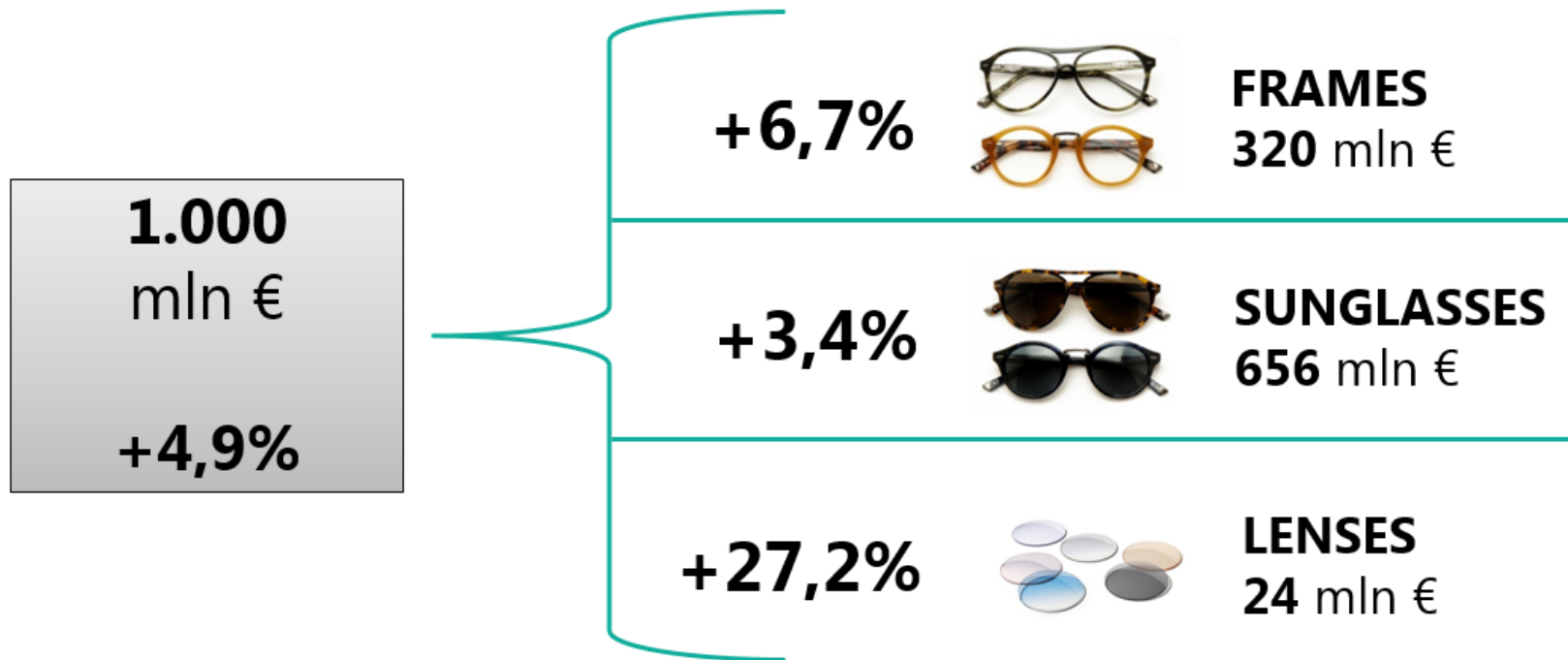
2019 OUTLOOK

FORECAST FOR 2019

- ▶ **The overall forecast for 2019 is not exactly brilliant**, and many factors might further undermine growth, including Brexit, the end of Draghi's quantitative easing program, the USA-China trade conflict, the European elections, the global economy slowing down, Federal Reserve interest rate hikes, and lower crude oil prices.
- ▶ All of these factors **further increase uncertainty and undermine confidence.**
- ▶ With specific regard to Italy, experts' reports seemingly agree on the same forecast: **in 2019 the Italian economy will slow down again.**
- ▶ **The 2019 forecast for the Italian eyewear industry certainly has to account for all of these factors.** Nonetheless, 2018 also ended with a few positive notes, such as the recovery of exports to the United States, higher employment and production, by which we can be a little more optimistic about the future. Regretfully, the same cannot be said about domestic consumption.
- ▶ .

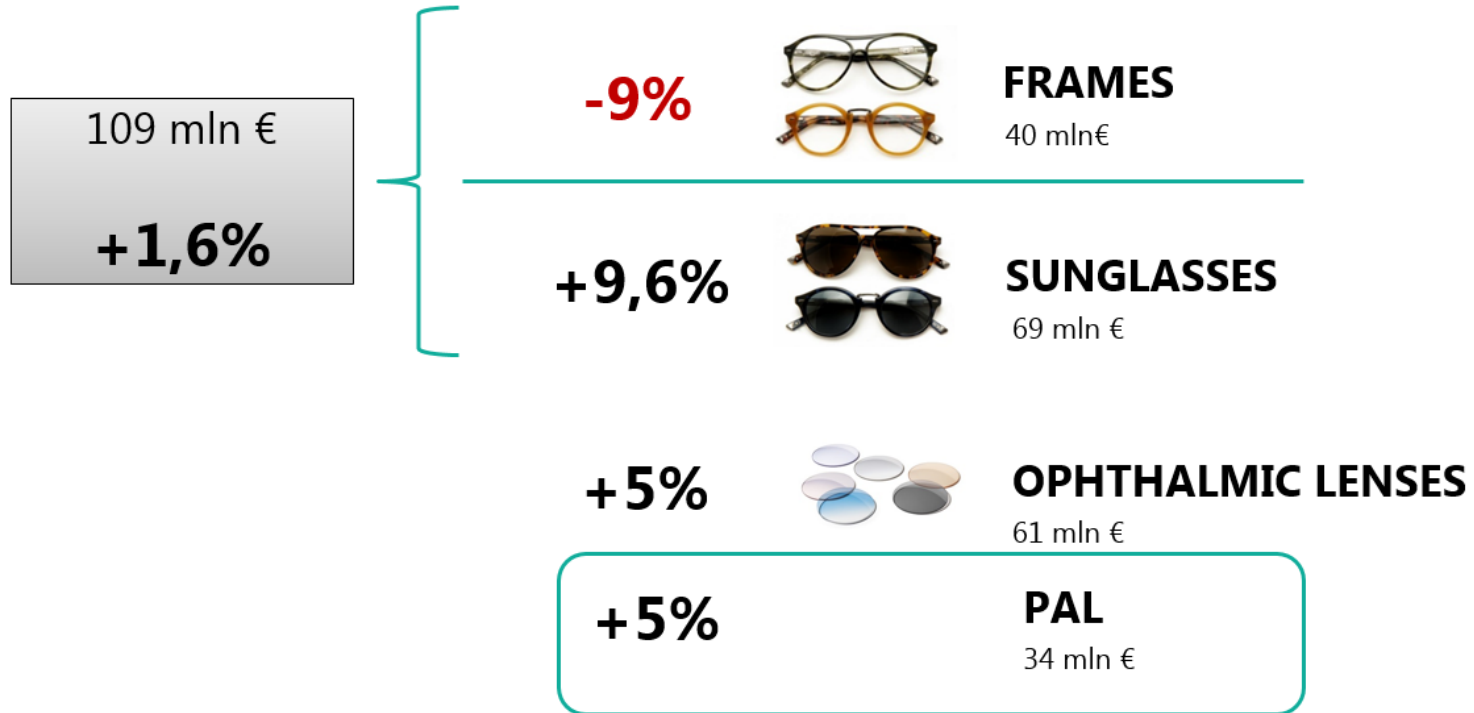
Source: ANFAO

EXPORT: JANUARY-MARCH 2019



Source: ANFAO

1ST Q 2019 ITALIAN EYEWEAR INDUSTRY SELL-IN BY VALUE



Source: ANFAO

Thank you for your attention!

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