

THE ALTAGAMMA CONSENSUS

THE GROWTH OF THE PERSONAL LUXURY GOODS MARKET IN 2020

Milan, 28 November 2019. The 11th edition of the **ALTAGAMMA CONSENSUS**, produced by Altagamma with the collaboration of leading international analysts, was presented in Milan today during the 2019 Altagamma Observatory.

Stefania Lazzaroni, General Manager of Altagamma, commented: *"The 2020 forecasts for the personal luxury goods sector - divided by product categories, channels and consumer nationality - are all positive. The fastest growing sectors include leather goods (+6%), cosmetics (5.5%) and jewelry (+5%); the number one consumer nationality is Chinese, and digital sales channels are growing steadily, in terms of both retail (+13%) and wholesale (+9%). Although affected by the macro-economic scenario and the larger investments being made by companies, the EBITDA margin is up by 4.5%".*

The **2020 Altagamma Consensus**, which contains the forecasts for the performance of personal luxury goods, presents a number of new features, in line with changes in consumer behavior and the profiles of global consumers.

The **product categories** in question have been adapted: Watches have been separated from Jewelry, as the two areas present very different trends, and the same goes for Footwear and Clothing. The Leather goods sector is the fastest growing (+6%), bolstered by new consumers (including men) in emerging markets and China. Footwear (+5%) owes its growth to the success of sports lines and collaborations with streetwear brands. Jewelry (+5%) is benefitting, above all in Asia, from the transition from unbranded to branded products, while Beauty (+5.5%) is led by skincare and make-up, once more in Asia.

Rather than examining markets in terms of geographical areas, in order to better represent the new scenarios we have focussed on growth forecasts in terms of **consumer nationality**. Chinese consumers are up 10%; more than the Japanese and with Europeans and Americans in moderate growth.

For the first time, the Consensus also presents growth forecasts **by channel**, to enable a more detailed analysis of the performance of online sales compared to physical retail. **Digital Retail** (official brand websites) will perform best (+13%), and **Digital Wholesale** will also do well, but to a lesser extent (+9%), while **physical Wholesale** (+1%) is strongly affected by the slump in the US.

Physical Retail, on the other hand, is expected to show steady growth (+4%), capitalising on the way in which stores are changing from being a simple point of sale to a touch point for consumer engagement.

PRODUCT CATEGORIES	2020 Forecast	CONSUMERS	2020 Forecast	CHANNELS	2020 Forecast
Apparel	3,5%	China	10,0%	Retail Physical	4,0%
Leather Goods	6%	Japan	4,0%	Retail Digital	13,0%
Footwear	5,0%	Europe	2,5%	Wholesale Physical	1,0%
Jewelry	5,0%	North America	3,0%	Wholesale Digital	9,0%
Watches	2,5%	Asia Pacific (excl. China&Japan)	6,0%		
Beauty	5,0%	Rest of the world	4,0%		

The 2020 Altagamma Consensus is produced by Fondazione Altagamma with the collaboration of specialized analysts from ALTAGAMMA, BAIN & COMPANY ITALY, BANCA AKROS, BCG, ALLIANCEBERNSTEIN, DELOITTE, DEUTSCHE BANK, EQUITA, EXANE BNP PARIBAS, EY, INTERMONTE, INTESA SANPAOLO, J.P. MORGAN, KEPLER CHEVREUX, MAIN FIRST BANK, MCKINSEY&COMPANY, MEDIOBANCA, MORGAN STANLEY, ORTELLI&CO., ROYAL BANK OF CANADA, SOCIÉTÉ GÉNÉRALE, TELSEY ADVISORY GROUP and VONTOBEL.