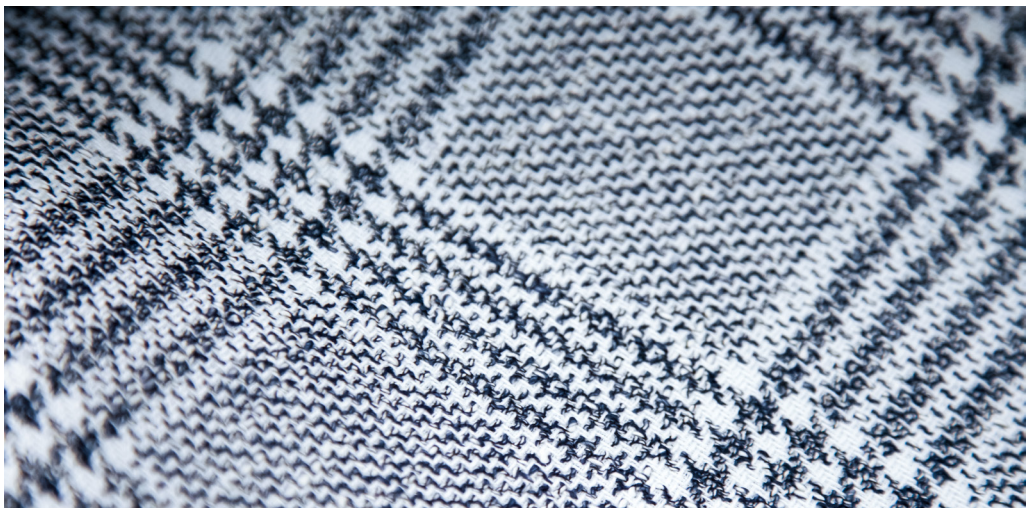


SUMMARY - ECONOMIC REPORT

In 2018 italian textiles outperformed expectations of last february (+0.8% Against -0.3% Of sales trend). Trade balance exceeds euro 2.4 Billion, thanks to a significant reduction in imports (-5.7%). In the first quarter of 2019, both manufacturing (-3.5%) And exports (-2.3%) Decreased significantly despite the excellent performance of sales to the United States (+15.5%) And the reassuring trend of China (+3.2%), Which, however, are not sufficient to compensate the negative value of Germany (-18%).

According to Confindustria Moda's Research Center estimates, Made-in-Italy textiles (including wool, cotton and silk fabrics and knits) closed 2018 with overall sales of euro 7.95 billion (+0.8% on a year-on-year basis), outperforming expectations of the beginning of the year (-0.3%).

The most important segment, both in terms of overall sales and exports, is wool, making up 42.7% of total sales, followed by cotton at 18.5%, knits at 17.5%, silk weighing 17.3% and linen with a 3.9% share.

As to exports and imports in the year, overall exports accounted for slightly more than euro 4.310 billion, while imports decreased moderately (-5.7%), down to euro 1.9 billion.

As a result of the sales performance described above, the trade surplus for the industry grew, i.e. recording euro 105 million more compared to 2017, exceeding euro 2.4 billion. The surplus of the weaving sector makes for 24.8% of the comprehensive Textiles/ Apparel trade balance (approximately euro 9.8 billion), weighing 14.5% on total sales for the Textiles/Apparel sector.

In the first January-March quarter of 2019, in line with the trend of the last quarter of 2018, both domestic manufacturing and foreign trade showed a bearish performance.

According to ISTAT manufacturing data, Italian textiles recorded a -3.5% downtrend in the period. A similar negative performance was also recorded in exports (-2.3%) and imports (-2.4%).

However, the trend was not homogeneous both in terms of outlet markets and the product segments.

For instance, exports to the US grew considerably (+15.5%), thanks to most of the fabrics included in the analysis, but China also performed well (+3.2%), especially for wool products. Conversely, even if Germany experienced a particularly marked reduction (-18%), it remains Italy's most important export market, together with China+Hong Kong.

The same contradictory trends were recorded in the rest of Europe, with France containing the fall to -0.5%, and Romania down -7.9%. Conversely, direct sales to Spain increased (+11.1%) along with Portugal (+18.5%) and the United Kingdom (+13.7%). With regard to non-EU areas, Japan recorded a +5.6% increase and Vietnam (albeit for more limited quantities) was up +28.5%. Hong Kong instead lost -9.2% and Tunisia and Turkey both posted reductions of around -15.0%,.

As for imports, China and Turkey, the first and second ranking suppliers, recorded +2.8% and -12.2%, respectively. Chinese exports to Italy account for 27.2%, and Turkey 18.8%. The third position, even if significantly detached, is held by Pakistan (+12.6%).

There are also divergent trends in the various product categories. Exports of wool fabrics bucked the trend, down -2.4%, in line with the sector's average. More specifically,

worsted wools were up +4.1%, while combed wool fabrics were down -4.7%. Cotton and knits dropped -4.2% and -2.6%, respectively. Exports of pure silk fabrics grew slightly (+0.8%), while exports of linen increased by +9.5%.

The complete economic note – in Italian and in English – is available for download in the Media section of Milano Unica's website at www.milanounica.it