

PRESS RELEASE

**FEDERLEGNOARREDO: 2023 PRELIMINARY RESULTS.
WOOD-FURNITURE SUPPLY CHAIN DOWN 8.1%, WITH TURNOVER SITTING AT €52.6 BN.
STILL BETTER THAN 2019, BUT INFLATION IS HURTING.**

Claudio Feltrin: "The scrapping of the country's tax credit scheme also caused domestic sales to slump. Germany's budgetary crisis is impacting exports. The Salone's role is more crucial than ever for the future of Italian-made design."

Last year the wood-furniture sector reported a turnover of **€52.6 bn (down 8.1% vs. 2022)**. The downturn was primarily due to the domestic market at **€32.7 bn (62% of the total), down 10.1%**; however, **export** markets were also **down 4.5%**, with turnover close to **€20 bn (38% of the total)**.

The preliminary results drafted by the FederlegnoArredo Research Center based on Italian Statistics Bureau (ISTAT) data were presented at a press conference staged by Salone del Mobile.Milano 2024.

*"Compared to 2019's €43 bn turnover, the following two year-period 2020-22 witnessed households spend the largest chunk of their disposable income - €10 bn more - on interiors and the home," says **Claudio Feltrin, President of Federlegno Arredo**, "but the seemingly encouraging figures fail to take into account the effects of inflation, which materialized towards the end of 2022.*

*A glance at ISTAT's industrial output figures tells us that in the first eleven months of 2023, **industrial furniture manufacturing was down 5.3% and wooden furniture had slipped by 14.8%**. Production is down," reports Feltrin, "though turnover compared to 2022 is still higher than versus 2019 due to higher prices (+6.5% for furniture) and companies' profit margins are shrinking."*

*However, it is worth noting that one of the factors behind the downturn of the sector as a whole is the **natural decline** in domestic demand, after two years of outstanding growth, mainly due to the termination of various Italian tax credits on building and renovations. As they taper off the effects will continue to eat into company profits."*

After peaking at about €29 bn in 2022, turnover in **the furniture "macrosystem"** dropped slightly to **€28 bn in 2023**, making for a total **decline of 3.4%** and a very small gap between **domestic sales** (€13.2 bn, **down 3.2%**) and **export sales** (approx. €15 bn, **down 3.6%**) with the latter reporting the same 53% share of total turnover.

When it comes to the **wood-furniture "macrosystem"**, at €21.4 bn total turnover slumped even more markedly (**-11.6%**), with **exports down 7.3% to €5.1 bn**, and sales on the domestic market down a striking **12.8% to €16.3 bn**. In 2023 turnover in the timber trade fell by **20% to €3.2 bn**.

For a supply chain that depends so much on exports like the wood-furniture industry, a backdrop of wars, heightened geopolitical tensions, and the recent Suez Canal crisis are having numerous impacts. The **export value** of the wood-furniture supply chain on the Red Sea route amounts to approx. **€2.5 bn**, while **imports** total around **€1.9 bn**.

Container costs have tripled and edged their way into finished products; in early 2024 energy costs have been rising again; timber prices peaked in October 2022 and have been slowly dropping back. The latest data for January-November 2023 show that wood increases are still 1.2% compared to the same period in 2022.

Infodata released by FederlegnoArredo's Research Center based on ISTAT data, show that **France still ranks number one in exports (€2.7 bn, up 0.6%)**, followed by crisis-ridden **Germany (€1.8 bn, down 6.4%)**.

The **USA (€1.7 bn, down a startling 13.2%)** has slipped to third place after two years of above-average growth ahead of Germany.

China is clinging to seventh place (**€458 mn, down 19.1%**), reporting the worst performance of the top ten export markets. Further down the ranking, the first export market to show an upturn is the **UAE in 12th place (€307 mn, up 3.3%)**; with **Russia (€246 mn, down 7.4%)** and **Canada in 15th place (€221 mn, down 14.5%)** and **Saudi Arabia (€185 mn, down 1.9%)**.

"It's a complex picture, with markets rising and falling at speeds we could not have imagined just a few years ago. Being mainly comprised of small and medium-sized companies, as we have always stated, our supply chain has the flexibility and speed it takes to adjust to rapidly changing scenarios. However, that doesn't make it easy, it still takes effort, investment and foresight.

As a Federation," continues FederlegnoArredo's President Feltrin, "we are always striving to find the best ways to help businesses get through troubling times, speaking up on their behalf with Italian and European Institutions, conveying their demands, to achieve common goals in the best interests not only of our business but of the country as a whole.

*Take internationalization for example, and the digital and green transition, **neither of which can be achieved overnight**. Or unfair competition from producers outside Europe who do not comply with EU regulations on sustainability and human rights. And what about improving and managing our forest resources to establish a zero-kilometer supply chain. We have long focussed on this issue together with the relevant ministries and are now finalizing proposals for implementing decrees.*

The showcase par excellence for Italian-made furniture and furnishings – the Salone del Mobile – is just two months away and once again Italian design will be setting trends, thanks to its unrivaled flair for combining style, materials research, technology and sustainability. Superb quality is what enables the Salone to help companies venture into new markets and target new consumers, starting with younger consumers who are set to bring about a whole new perspective and approach to business models."

THE FURNITURE MACROSYSTEM

Over recent years, the home and related tax incentives made 2021-2022 a truly extraordinary period for the industry. The **downturn in 2023 (-3.4% total, -3.2% domestic, -3.6% exports)** reflects a return to normalcy, which is also due to a slump in the residential real estate market, with a turnover of €28 bn.

According to Infodata from the FederlegnoArredo Research Center based on ISTAT findings, out of almost 220 export markets for Italian-made furniture, those whose downturn has had the most significant impact in the first 10 months of the year are the **United States** (€1.3 bn) in second place with a decrease of 11.4%, **France** (€2 bn) ahead with an increase of 1.1%, while **Germany** (€1.1 bn) is behind with a fall of 5%. **China**, notably, ranks 7th (**€382 mn**) **down 19.8%**, and **Canada** is in 15th place (€180 mn) with a slump of 16.7%.

The **United Arab Emirates** in 10th place are up 4.8%, at €260 mn. **Russia** is in 12th place, down 6.5% at €215 mn, **Saudi Arabia** (€160 mn) and **Greece** (€153 mn) rank 16th and 17th, growing 2.5% and 9.6%, respectively.

KITCHENS

Since coming close to €3 bn in sales in 2022, and performing extremely well both in Italy (€2 bn) and abroad (€1 bn), in 2023 the kitchen manufacturing sector managed to hang on, unlike other segments of the furniture industry. **Total production turnover** dropped ever so slightly (-2%), due to a decline in domestic production (-3%). **Exports were stable**. Between January and October, the two leading markets, France (€165 mn) and the United States (€119 mn) were up by 0.1% and 5.8%, respectively. The third biggest market, Switzerland (€59 mn), was down just 1.5%.

“A representative sample of businesses state that the sector is looking forward to an upturn in exports, especially in the second half of 2024, also in anticipation of Eurocucina,” says **Edi Snaidero, who is in charge of FederlegnoArredo’s Kitchens Group**. “We expect the upcoming edition to confirm the uptick, with much of the research conducted by the sector in recent years due to be published, and closer ties with the makers of kitchen appliances, especially in terms of optimization, space customization, and sustainability.”

BATHROOM FURNITURE

With the residential sector thriving, 2022 was also a great year for the bathroom furniture industry (up 9.1% compared to 2021). In 2023, the sector is expected to slow down by 2.2%, but remain well above pre-Covid levels, with a turnover of **€4.3 bn**. The export market (down 5%) is shrinking, and accounts for 40% of total turnover with a value of €1.7 bn, while domestic sales, amounting to €2.6 bn, are largely stable.

“Turning to expectations for 2024, the next Salone del Mobile.Milano in April will also be staging the International Bathroom Exhibition, and vibes are high. The event will bring the best of the international design community together and exhibitors will gain insights into potential markets and new prospects for growth,” **states Elia Vismara, President of FederlegnoArredo’s Bathrooms segment, Assobagno**. “Bathrooms today are a totally integrated concept. The market is demanding functionality, sustainability, flexibility and outstanding customer service, and Italian bathroom manufacturers are more than ready to put on an experience that delivers the highest quality content.”

FLA PLUS MAKES THE WOOD-FURNITURE SUPPLY CHAIN MORE SUSTAINABLE

THE PROJECT OFFERS A NEW VISUAL LANGUAGE AND ADDS NEW CONTENT AT THE SALONE DEL MOBILE.MILANO

FederlegnoArredo aims to take the wood-furniture supply chain to the forefront of green industry and make it a recognized leader in sustainability. Hence its increasing drive to embrace and promote **ESG** in all of its dealings with companies. On the road to sustainability, in 2023 rolled out **FLA Plus**, a platform designed to offer businesses the opportunity to address ESG challenges with effective and groundbreaking tools.

"Plus" refers to the fact that it is a **system-wide operation involving the Federation, its members, strategic partners, and institutions**, and a tool that encompasses targeted digital services to support member companies in their strategic actions (with self-evaluation tools, consultancy, and governance support with customized functions for individual users) as well as their routine activities (materials library, timber exchange, certification portal, intellectual property).

FLA Plus is now expanding its horizon to become a more **comprehensive platform** for accessing information about the Federation's **sustainability project** and **up-to-date content** on relevant topics.

A new horizon that is also reflected in the 2024 visual campaign that has been put in the hands of photographer **Mattia Balsamini**, who explores every aspect of **sustainability in the wood-furniture supply chain** by seeking connections between the **environment** and **manufacturing, technology** and the **human factor, automation** and **manual skills**. This narrative is centered on the **interplay between ecosystems and production**. Treasured natural resources are made even more precious by skilful design professionals who ensure the **highest quality standards** and absolute **respect for materials**.

Technology is explored as a fundamental contribution to process optimization, **waste reduction**, and the discovery of solutions that are increasingly in harmony with the needs of the environmental. Relationships between **nature and manufacturing** are depicted as part of a single process of **beneficial transformation**.

The Salone del Mobile.Milano, a showcase of Italian design excellence, will offer an unparalleled opportunity to highlight the **added value** that companies in the furnishing and furniture industry are contributing in terms of making **sustainable upgrades** to their production and processes. The 2023 Survey – the last one conducted by FederlegnoArredo as part of the Plus Project – in fact emphasized the **tangible commitment** of the sector: **96%** of companies are adopting **sustainable materials** in their processes, over **58%** have a strong focus on **recycling**, and, in the last 3 years, about **70%** have invested in **energy efficiency**.

The goal is to continue supporting businesses in their **green transition**, within a shared framework and through a pluralist approach. **FLA Plus is a crucial tool that epitomizes the Federation's**

mission, which is to foster and facilitate the growth of member companies and their competitive edge, by reflecting on **environmental and economic sustainability**, technological innovation, welfare, supply chain management, and international trade.

Milan, 13 February, 2024