Annual report 07

Cosmetic industry and market in Italy 2007

June 2008 Edition

UNIPRO

Italian Association of cosmetic industries

COSMEXPORT

Italian Cosmetics Industry Promotion and Export Consortium

The domestic macroeconomic picture

- A look at the trend in the Italian macroeconomic picture in recent years helps generate understanding of the overall scenario in which the Italian cosmetics industry has been working.

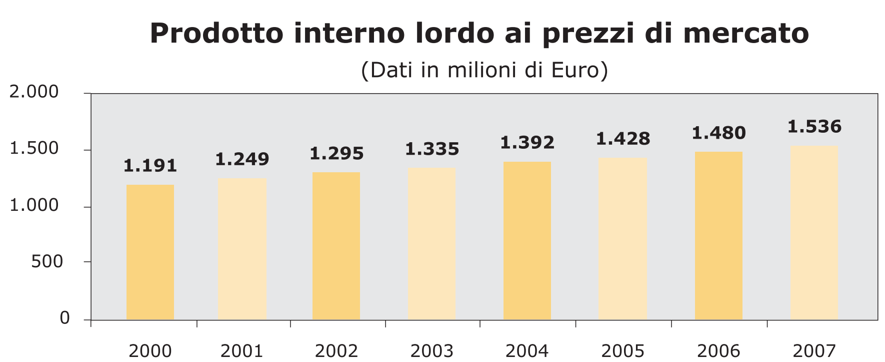
- In 2007, Italy's **GDP** increased by 1.5% at constant values: if we consider that the global trend of **fixed gross investments** increased by 1.2% and families' **disposable income** increased by 1%, it is immediately evident on the one hand that firms have being encountering difficulty in identifying competitive factors and, on the other hand, that the cosmetics market is clearly confirmed to be moving against the general trend.

- In 2007, the **climate of consumer confidence** continued to lose ground, generating evident repercussions on consumers' propensity to buy, with different attitudes being adopted to different options for consumption.

PRODOTTO INTERNO LORDO A PREZZI DI MERCATO

	2005	2006	2007
PIL- Milioni di euro (Valori a prezzi correnti)	**1.428.375**	**1.479.981**	**1.535.540**
PIL-Variazioni percentuali sull'anno precedente (Valori a prezzi costanti)	0,6%	1,8%	1,5%

Fonte: Elaborazioni Centro Studi e cultura d'Impresa su dati Istat



- According to the Italian retailers' confederation Confcommercio, Italian families spent slightly more than 915 billion Euros in 2007, with a mean annual growth rate, at non-deflated values, of 3.3%.

- If we exclude expenditure for the prime necessities of home and food, which increased on average by 3.8% in 2007, an important contribution to total expenditure came from the sum total of outlay on personal care, the heading that includes cosmetics, which increased by 3.3% in the period in question, accounting for a total share of 20.4% of all expenditure.

I CONSUMI DELLE FAMIGLIE ITALIANE - PRINCIPALI SETTORI

(Valori assoluti - dati in milioni di euro)

	(dati in milioni di euro)			
	2005	**2006**	**2007**	**Var. %**
Tempo libero	63.637	66.374	68.454	+3,1
Vacanze	23.754	25.716	26.572	+3,1
Mobilità	154.933	161.469	164.455	+1,8
Cura del sé	*171.684*	*180.860*	*186.884*	*+3,3*
Casa	240.026	248.096	258.453	+4,1
Tavola	194.830	203.172	210.542	+3,6
Totale spesa	**848.864**	**885.687**	**915.360**	**+3,3**

Fonte: Elaborazioni Centro Studi e cultura d'Impresa su dati Confcommercio

The cosmetics industry turnover

- In 2007, the Italian cosmetics industry turnover, i.e. the **total value of production**, grew by 1.7% over the previous year to a total of 8,244 million Euros.
- Overall turnover growth was hampered by the contraction in **exports**: after more than a decade of unstinted growth, they fell by 0.4% in 2007, primarily because of the substantial increase in the value of the Euro against the US dollar.
- This means that the increase in turnover is related to the positive trend in the **domestic market**, which absorbed goods worth nearly six billion Euros in 2007, as turnovers increased in the traditional channels (by 2.6%), with a particular focus on sell-in values in pharmacies (up by 8.5%, to a total turnover of 743 million Euros) and in perfume shops (up by 3.3%, to a total production value of nearly 1,310 million Euros).
- Growth rates were more contained in the professional channels: the beauty salons channel grew by 2.1% to a total value of nearly 140 million Euros, while the hairdressing salon channel was up by 1.5% to a total of just under 664 million Euros.

COSMETICS INDUSTRY TURNOVER BY DISTRIBUTION CHANNEL

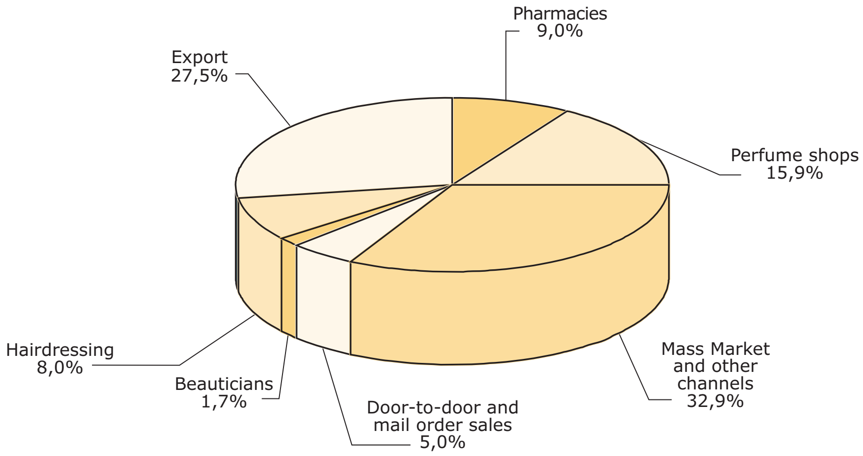
(Figures in millions of Euros)

	2006		2007	
	Value	% Var.	Value	% Var.
ITALIAN MARKET TURNOVER	**5.835,4**	**2,0%**	**5.978,7**	**2,5%**
Traditional channels:	**5.044,9**	**2,0%**	**5.175,5**	**2,6%**
– Pharmacy	685,0	6,0%	742,9	8,5%
– Perfume shop	1.268,4	2,5%	1.309,9	3,3%
– Mass market and other channels (*)	2.684,2	0,9%	2.712,4	1,1%
– Door-to-door and mail order	407,3	2,0%	410,3	0,7%
Professional channels:	**790,5**	**1,7%**	**803,20**	**1,6%**
– Beauty salon	136,4	2,5%	139,30	2,1%
– Hairdressing	654,1	1,5%	663,9	1,5%
EXPORTS	**2.274,2**	**6,1%**	**2.265,80**	**-0,4%**
OVERALL COSMETICS INDUSTRY TURNOVER	**8.109,6**	**3,1%**	**8.244,5**	**1,7%**

*(*) Includes **Herbalist** Shops with a 2005 turnover of 138.6 million Euros and a 2006 turnover of 146.9 million Euros: an increase of 6.0%.*

- The **distribution of turnovers** highlights the fact that the largest share is accounted for by **mass distribution**, which absorbs nearly one third of everything produced by Italian firms. This is followed by the perfume shop channel with 15.9% and the pharmacy channel with 9%.
- The share of total turnover accounted for by **exports** in 2007 fell slightly compared to 2006, to a total of 27.5%.
- Nothing changed in terms of the dynamics of Italian cosmetics firm's growth, which made up for the contractions in foreign markets by recuperating shares in the domestic market, benefiting from a constant focus on the forms of investment that have made them reliable and competitive in recent years: research, innovation and service.
- The dynamics of the industrial sector are in any case subject to the negative influence exerted by the deceleration of the Italian economic system, which is not facilitating entrepreneurial development, as well as by high production costs and the impact of increases in the prices of energy and raw materials.

PERCENTAGE SHARES OF GROSS DOMESTIC TURNOVER BY CHANNELS OF DISTRIBUTION



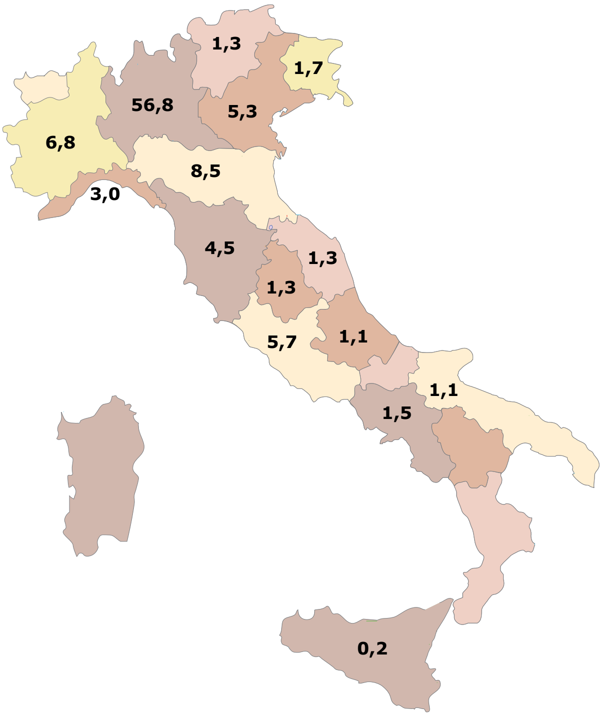
How the cosmetics industry is distributed in Italy

- The **geographical picture** of cosmetics firms in Italy shows a clear concentration in the centre and north of the country.
- A share of more than 56% of all cosmetics businesses established in Italy is located in Lombardy, followed by Emilia Romagna with 8.5% and Piedmont with 6.8%.
- There are practically no industrial facilities at all in Sardinia, Calabria and Basilicata.
- The situation is broadly comparable in the case of the **distribution of employees**: nearly 73% of them are located in the north and a figure as high as 51.5% of them are in Lombardy alone.
- When the cosmetics industry's **export** achievements are broken down by region of origin, the 2007 figures are classified in accordance with the traditional Nielsen areas.
- The regions of north-western Italy export cosmetics worth more than 1,450 million Euros, in other words 64.1% of all Italy's cosmetics exports. The regions of the north-east account for nearly 16%, while the rest of the country exports the remaining 20%.

DISTRIBUZIONE GEOGRAFICA DELLE IMPRESE

(Composizione percentuale)

ABRUZZO	1,1%
CAMPANIA	1,5%
EMILIA ROMAGNA	8,5%
FRIULI VENEZIA GIULIA	1,7%
LAZIO	5,7%
LIGURIA	3,0%
LOMBARDIA	56,7%
MARCHE	1,3%
PIEMONTE	6,8%
PUGLIA	1,1%
SICILIA	0,2%
TOSCANA	4,5%
TRENTINO ALTO ADIGE	1,3%
UMBRIA	1,3%
VENETO	5,3%
TOTALE	**100%**



DISTRIBUZIONE ADDETTI NELLA COSMETICA

(Composizione percentuale)

ABRUZZO	0,2%
CAMPANIA	1,3%
EMILIA ROMAGNA	7,8%
FRIULI VENEZIA GIULIA	1,6%
LAZIO	6,3%
LIGURIA	1,6%
LOMBARDIA	51,5%
MARCHE	1,4%
PIEMONTE	14,4%
PUGLIA	0,7%
SICILIA	0,6%
TOSCANA	6,0%
TRENTINO ALTO ADIGE	0,5%
UMBRIA	1,4%
VENETO	4,7%
TOTALE	**100%**

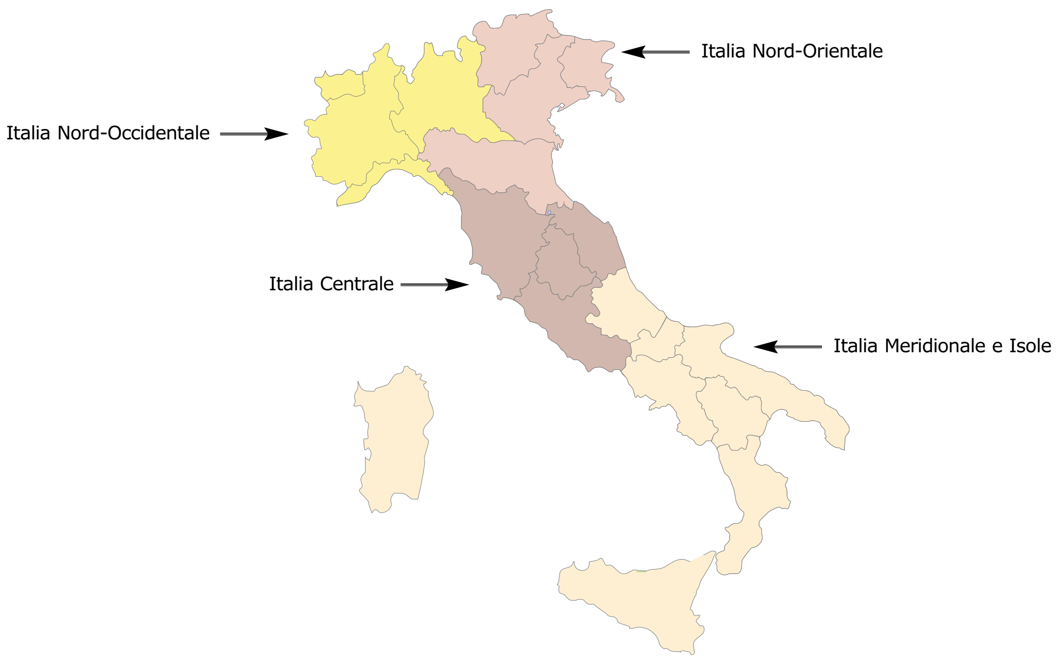
Fonte: Elaborazioni Centro Studi e cultura d'Impresa su dati Istat

EXPORT TERRITORIO ITALIANO PER AREA GEOGRAFICA

(Dati in migliaia di Euro)

Italia Nord-occidentale	1.452.061
Italia Nord-orientale	359.095
Italia Centrale	397.142
Italia Meridionale e isole	57.505
TOTALE	**2.265.803**

Fonte: Elaborazioni Centro Studi e cultura d'Impresa su dati Istat



Channels of distribution

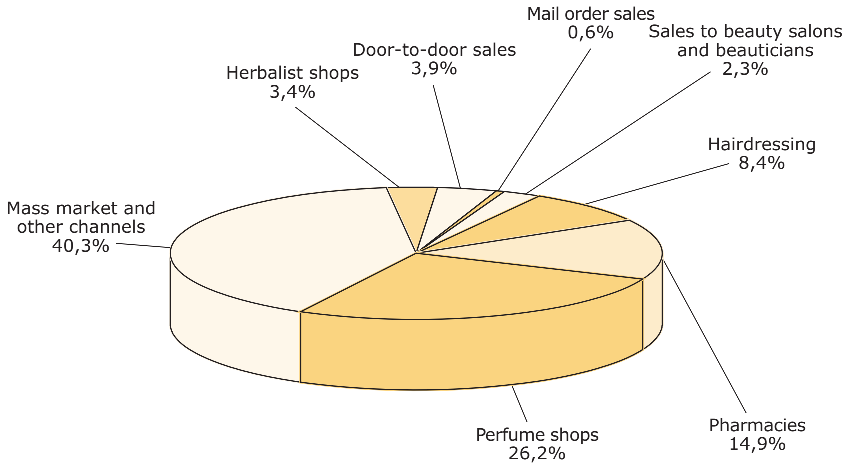
- The total value of Italy's cosmetics consumption in 2007 was more than nine billion Euros, indicating a growth rate of 2.7 percentage points over the previous year. The country's domestic demand was sustained by the diversified approaches adopted by consumers, who tend to gravitate towards increasingly specific and selective buying choices.
- The evolution in cosmetics consumption has witnessed the gradual progression away from simple personal hygiene, which is now securely consolidated and well rooted in everyday usage habits, to personal care and fitness.
- Growth was recorded in practically all channels of consumption, with the exception of mail order sales, which shrank by 25.7% in 2007.
- The most dynamic trends are found in the pharmacy channel, up by 8.5%, and the herbalist's shop, which grew by 8%; perfume shops put up a healthy performance, growing by 3.3% and accounting for more than 26% of the market; mass distribution substantially held its own, catering for more than 40% of the cosmetics market and achieving a 0.5% growth rate.

TOTAL ITALIAN COSMETIC MARKET IN 2006

Consumption in millions of Euros – Retail prices, including VAT

		% Var. 2007
Total sector	**9.007,5**	2,7%
Pharmacies	**1.337,3**	8,5%
Perfume shops	**2.357,8**	3,3%
Mass market and other channels	**3.631,5**	0,5%
Herbalist shops	**301,5**	8,0%
Door-to-door sales	**355,4**	6,6%
Mail order sales	**54,9**	-25,7%
Sales to beauty salons and beauticians	**208,9**	2,1%
Hairdressing	**760,1**	1,0%

PERCENTAGE SHARE OF CONSUMPTION BY DISTRIBUTION CHANNEL IN 2006



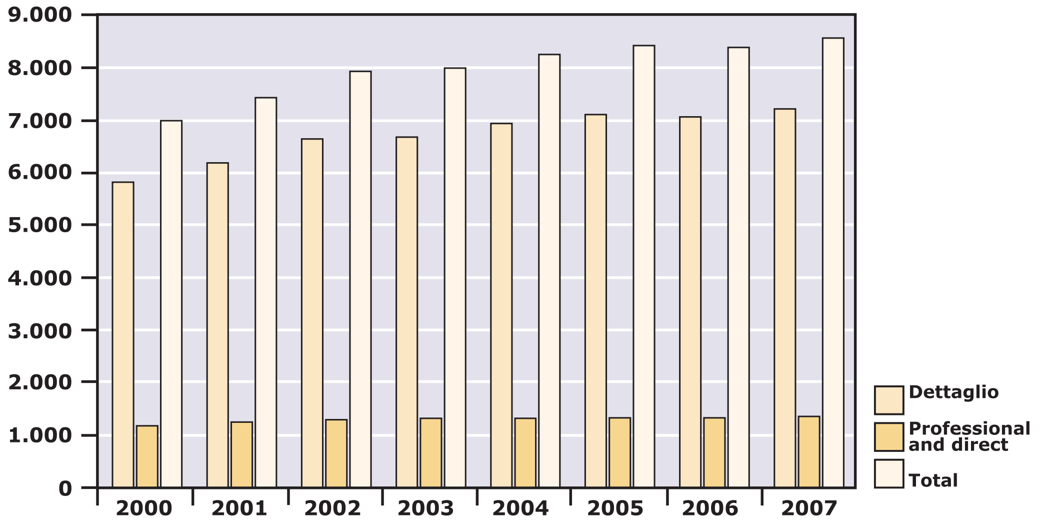
- Across-the counter cosmetics prices stayed largely in line with previous years, growing by an average of 1.8% in 2007. While the increase was more significant in the perfume shops, at 3.2%, prices were practically unchanged in pharmacies, where they rose by only 0.5%. The 1.5% increase in prices practised in the professional channels was slightly below average.
- With the sole exception of the slow-down recorded in 2005, cosmetics consumption in Italy has been increasing constantly for more than a decade, at rates of growth that have been consistently more dynamic than those of other areas of consumer goods related to the individual.

TRENDS IN THE COSMETICS INDUSTRY BY DISTRIBUTION CHANNELS

DISTRIBUTION CHANNELS	PERCENTAGE VARIATION 2007/2006		
	Consumption	Quantity	Prices
Pharmacies	8,5%	7,9%	0,5%
Perfume shops	3,3%	0,1%	3,2%
Other channels	1,1%	-0,3%	1,4%
Of which supermarkets and hypermarkets	2,3%	0,8%	1,5%
Total traditional channels	**3,0%**	**1,1%**	**1,8%**
Door-to-door and mail order sales	6,6%	4,0%	2,5%
Sales to beauty salons and beauticians	-25,7%	-26,8%	1,5%
Professional products consumed in hairdressing salons	2,1%	0,6%	1,5%
Hairdressing	1,0%	-0,5%	1,5%
Overall total	**2,7%**	**0,9%**	**1,8%**

THE EVOLUTION IN COSMETICS CONSUMPTION IN THE PERIOD 2000 - 2007

Real values, retail prices, including VAT



THE PHARMACY

- In 2007, sales through the pharmacy channel grew by 8.5%, one of the highest rates for any channel at any time in the last ten years.
- Satisfying a demand of more than 1,330 million Euros, the pharmacy channel caters for nearly 15% of all cosmetics consumption and is the third largest channel, after mass distribution and perfume shops.
- With an increase of 7.9% in the same period, sales volumes grew almost symmetrically with values, confirming a very dynamic trend that enabled price increases to be kept to a minimum, at only 0.5%.
- The decisions that persuaded consumers to favour the pharmacy channel can be traced both to the specialisation of the service and to the range of products on offer, which is always very alert to quality, to product innovation and to diversification.

THE PERFUME SHOP

- The selective perfumery channel achieved an increase of 3.3 percentage points in 2007, to a market value in excess of 2,350 million Euros, accounting for 26.2% of Italy's entire cosmetics market.
- In quantity terms, this growth was only 0.1%, while the channel's prices increased by 3.2%.
- Although the situation of distribution in this channel is far from homogeneous, with the large distribution chains reporting very dynamic developments resulting from their marketing policies, it appears that the causes for concern that loomed over previous reporting periods, leading to the closure of numerous points of sale, are now a thing of the past.
- Nevertheless, there is still evidence of significant tensions in medium-term durability, partly as a result of the competition from other channels and partly because of the difficulties that certain links in the chain encounter in promoting the right type of identity for the channel.

MASS DISTRIBUTION AND OTHER CHANNELS

- Selling cosmetic products worth more than 3,630 million Euros in 2007, mass distribution accounted for 40.3% of the entire Italian domestic cosmetics market, although growth in the last year was limited to a mere 0.5%.
- If we consider nothing but retail sales through supermarkets and hypermarkets, this figure is more reassuring, as consumption increased by 2.3% and prices were up by 1.5%.
- There is clear evidence in the mass distribution channel in 2007 of the phenomenon of polarisation of consumption that in practice has become a typical trait of the entire Italian market. In fact, there is a trend for demand to become increasingly alert in particular to niche and specialised products, on the one hand, and to products with a high quality-to-price ratio on the other.
- In order to bolster demand and counteract the competition from the specialised channels, cosmetics firms oriented towards sales through the mass market channel have made important investments not only in product innovation, but also in communications and promotions.

DIRECT SALES CHANNELS

- Mail order and door-to-door sales are the methods practised by the channel of direct distribution to consumers: in 2007, this market recorded a very modest rate of growth over the previous accounting period, achieving a total value of approximately 410 million Euros, which accounted for 4.5% of the entire domestic cosmetics market.
- Within the channel, the two sub-channels experienced opposing dynamics, as door-to-door sales increased by 6.6% to a value in excess of 355 million Euros and mail order sales lost out heavily, falling by 25.7% to a total value of less than 55 million Euros.
- The buying habits of consumers who are still inclined to pay relatively little attention to unassisted sales have a negative impact on these trends.
- The situation is different with regard to **sales via the Internet**: recent surveys indicate an increase of 20% in sales, even though the volumes involved are still quite insignificant. Where use of the web is very important, on the other hand, is as a tool for communications and information.

BEAUTY SALONS AND CENTRES

- Growing at a rate of 2.1% to a value of nearly 210 million Euros in 2007, the cosmetics sold in beauty salons account for 2.3% of the total domestic market.
- In quantity terms, this channel increased in volume by 0.6 percentage points, while the level of price changes was +1.5%, somewhat lower than average.
- Negative factors impacting on the channel's dynamics include the difficulties involved in evaluating certain important emerging phenomena, such as spa centres and fitness centres, which are certainly destined to account for larger shares of consumption of cosmetics with a professional beauty vocation.

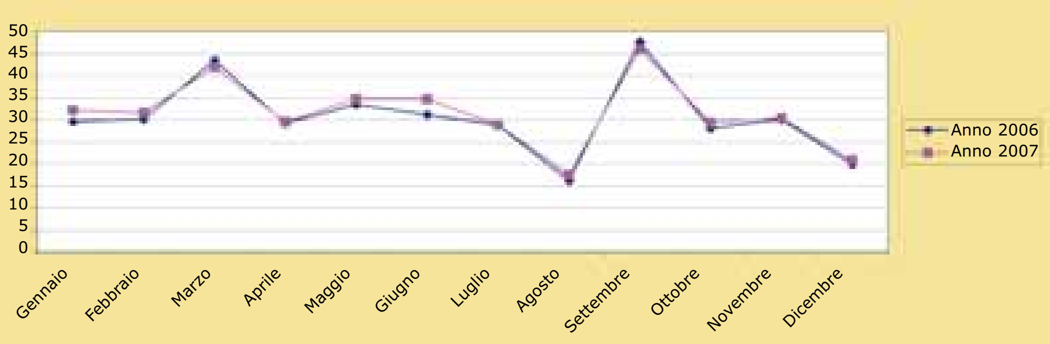
HERBALIST SHOPS

- The herbalist shop channel covers 3.4% of demand in the domestic Italian cosmetics market. in 2007, the total value of sales was more than 300 million Euros, an increase of 8% over the previous year, in line with the important dynamics influencing the consumption of herbal products in the last ten years.
- Like sales of cosmetics through the pharmacy channel, sales through the herbalist shop channel confirm the selectivity of consumption being practised by those users who prefer being assisted and advised when buying.
- In addition, there is a steady increase in environmental awareness and for the attention for products with bio-natural connotations that is catered for logically in the herbalist shop.
- Confirming this dynamic is the increasing movement in specialised corners and the rate at which new points of sale are opening.

HAIRDRESSING SALONS

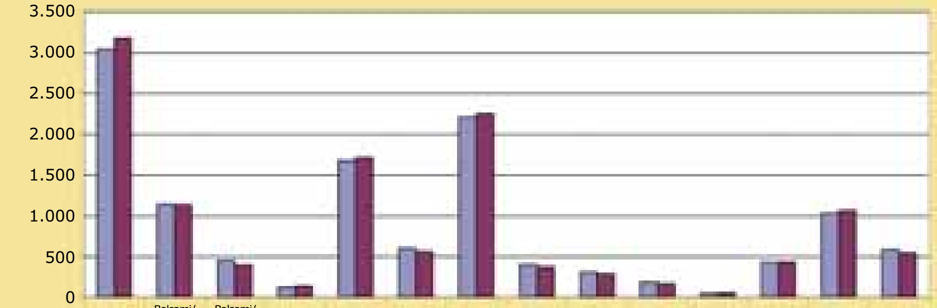
- The rate of growth in the consumption of cosmetics through the professional hairdressing channel was still only modest in 2007, as total sales worth 760 million Euros were only 1% up on the previous year.
- The value of this market takes both the products used for providing services and sold in the salons into consideration and products that are sold and used outside the salon, which account on average for 15% of all sales on this family.
- In terms of quantities sold, sales were slightly down compared to 2006, while prices increased by 1.5%.

Andamento mensile delle vendite a valore
(in milioni di millilitri)



- The trend in **monthly sales** confirms the slight growth achieved in 2007, but above all also the seasonal nature of the positive peaks in March and September and of the negative troughs in August and December.

Composizione dei volumi di vendita
(in milioni di millilitri)



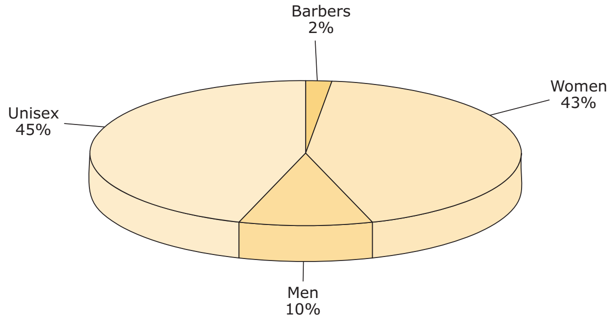
	Shampoo	Balsami/ creme/cond. con risc.	Balsami/ creme/cond. senza risc.	Lozioni	Tinture	Riflessanti	Sviluppatori/ ossidanti	Decoloranti	Permanenti	Fissaggi/ neutralizzanti	Fissativi liquidi	Mousse fissative	Lacche	Gel, wax, lucidante
Totale 2006	3.035	1.139	452	120	1.673	601	2.206	398	305	182	51	431	1.028	582
Totale 2007	3.170	1.129	392	138	1.709	556	2.247	374	283	163	55	436	1.059	539

- When sales volumes are broken down into their composition by product types, shampoos, dyes, developers/oxidants and lacquers are found to have increased, while balsams, highlights and gels decreased, balancing each other out so that the ultimate quantities consumed remained practically the same from 2006 to 2007, at just over 12,200 million millilitres.

Classification of activity

Classification	Year 2004	Year 2007	% Var.
Women	40,53%	43,2%	2,7%
Men	16,66%	10,2%	-6,5%
Unisex	38,69%	44,8%	6,1%
Barbers	4,13%	1,8%	-2,3%
Participating base		53.115	

Regional distribution of declarations about trends for the year of survey.



- The figures provided by Marketing & Telematika enable us to analyse these **classifications by activity**: salons dedicated exclusively to women's hairdressing accounted for 43% of the total, 2.7% more than in 2006; the ones reserved exclusively for men fell by 6.5%, accounting for 10%. The shares they lost were gained by unisex salons, which increased by more than 6 percentage points. The number of barbers was on the decline: down by 2.5% to account for less than 2% of the total.

Salon structure

Belongs to a chain or a group	Year 2004	Year 2007	% Var.
Individual salon	94,23%	85,2%	-9,0%
Belongs to a chain	5,8%	14,8%	9,0%
Participating base		41.438	

Evolution in the presence of chains, franchising, buying groups and clubs by regional area and year of survey.

- An analysis of the **structure of the salons** is equally interesting. The number of single salons fell by 9% in 2007, although they account for more than 85%. The number of salons related to chains increased by 9%, a sign that profound change is taking place in the way that the channel's structure is organised.

Regional classification of expenditure on personal care products

- The picture of cosmetic consumption by geographical areas registers the highest concentration in the area of northern Italy: 29.5% for sales of products for personal care and 30.6% for sales through professional channels
- Lombardy occupies first place in terms of consumption, with a share of more than 19% of the total, followed by Latium, whose share is nearly 9%.
- Consumption is the south of Italy and the islands is more sustained than in other sectors, accounting for more than 31% of the entire Italian cosmetics market.

CONSUMI ASSOLUTI PER REGIONE - DISTRIBUZIONE PERCENTUALE

	Prodotti per la cura personale	Barbiere, parrucchiere, istituti di bellezza
ABRUZZO	2,4%	2,1%
BASILICATA	1,0%	0,9%
CALABRIA	3,0%	2,6%
CAMPANIA	7,9%	6,9%
EMILIA ROMAGNA	8,1%	9,1%
FRIULI VENEZIA GIULIA	2,0%	2,3%
LAZIO	8,8%	9,0%
LIGURIA	2,8%	2,9%
LOMBARDIA	19,0%	19,6%
MARCHE	2,4%	2,4%
MOLISE	0,6%	0,5%
PIEMONTE	7,5%	7,8%
PUGLIA	6,4%	5,6%
SARDEGNA	3,0%	2,6%
SICILIA	6,7%	5,9%
TOSCANA	6,6%	6,7%
TRENTINO ALTO ADIGE	1,9%	2,1%
UMBRIA	1,4%	1,4%
VALLE D'AOSTA	0,2%	0,3%
VENETO	8,3%	9,3%
TOTALE	**100%**	**100%**

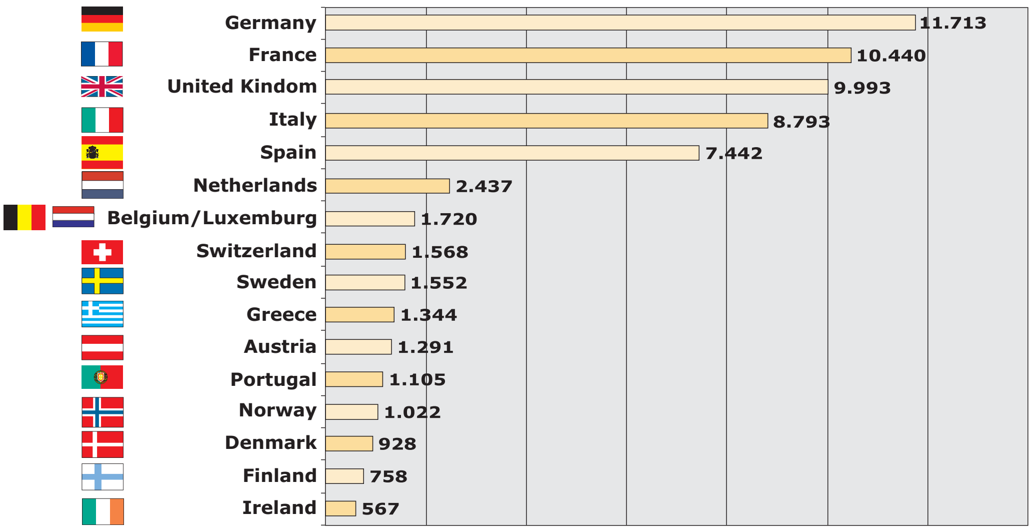
Fonte: Elaborazioni Centro Studi e cultura d'Impresa su dati Istat

Cosmetics in Europe

- The figures provided by Colipa relative to cosmetic consumption in 2006 confirm the primacy of Germany, whose 11,700 million Euros account for 18.7% of all consumption in Europe. The next country is France, with 11,440 million Euros and a share of 16.7%, and the United Kingdom, with almost 10,000 million Euros and a share of 15.9%.
- The top five countries (remembering that Italy's consumption puts it fourth in the table with a share of 14%) together account for more than 77% of the entire market.

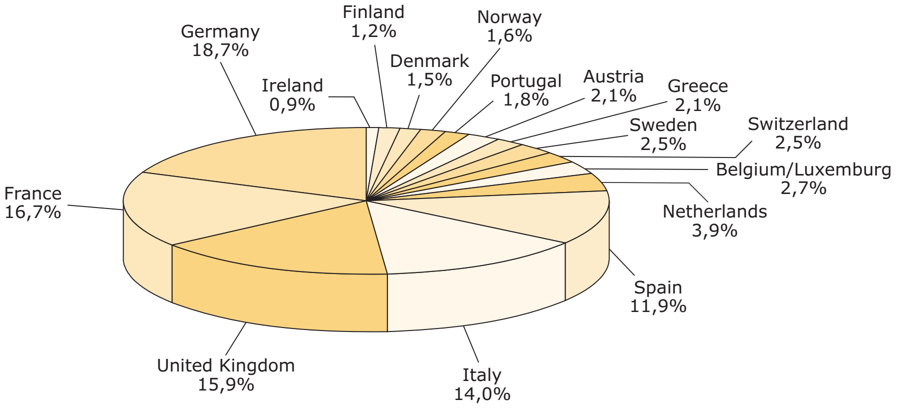
EUROPEAN CONSUMPTION

(Millions of Euros - Consumer prices)



Source: Colipa, 2006

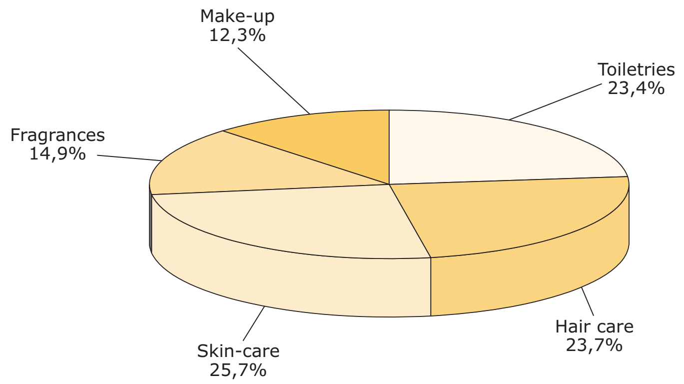
COUNTRY SHARES (%)



Source: Colipa, 2006

- The **products** that sell best in Europe are the ones used for skincare, which account for 25.7% of the cosmetics market, followed by haircare products, which cover 23.7%, and toiletries, whose share is 23.4%.
- The European market is the world's largest, worth a total of more than 36,800 million Euros, which increase to 38,300 if all the countries in the enlarged European Union are included in the calculations. The second largest market is the USA, which is worth 27,600 million Euros, and the third is Japan, worth 11,900 million Euros.

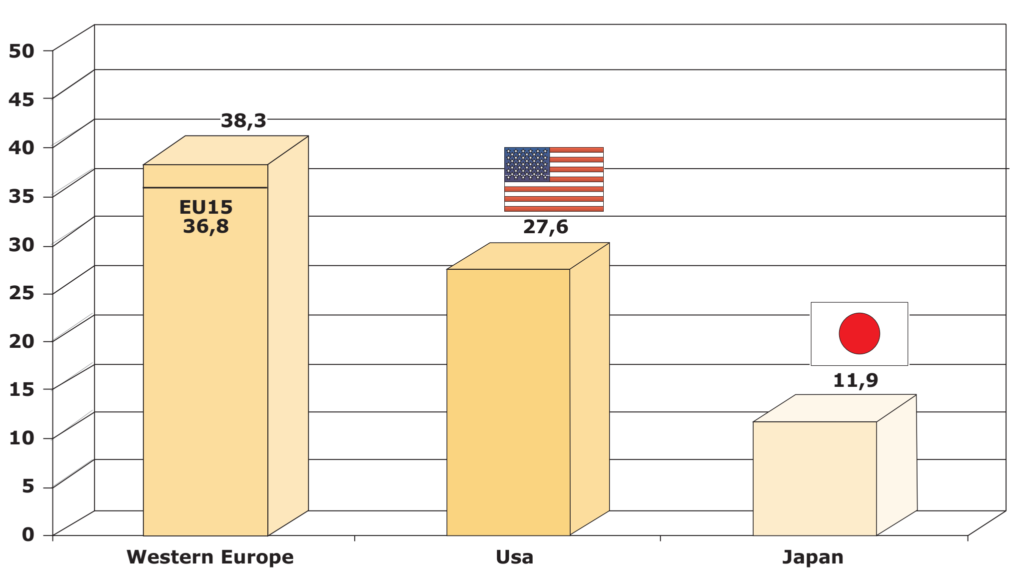
MARKET SHARE BY PRODUCT CATEGORY



Source: Colipa, 2006

GRANDI MERCATI A CONFRONTO

(Billion euros at MSP)

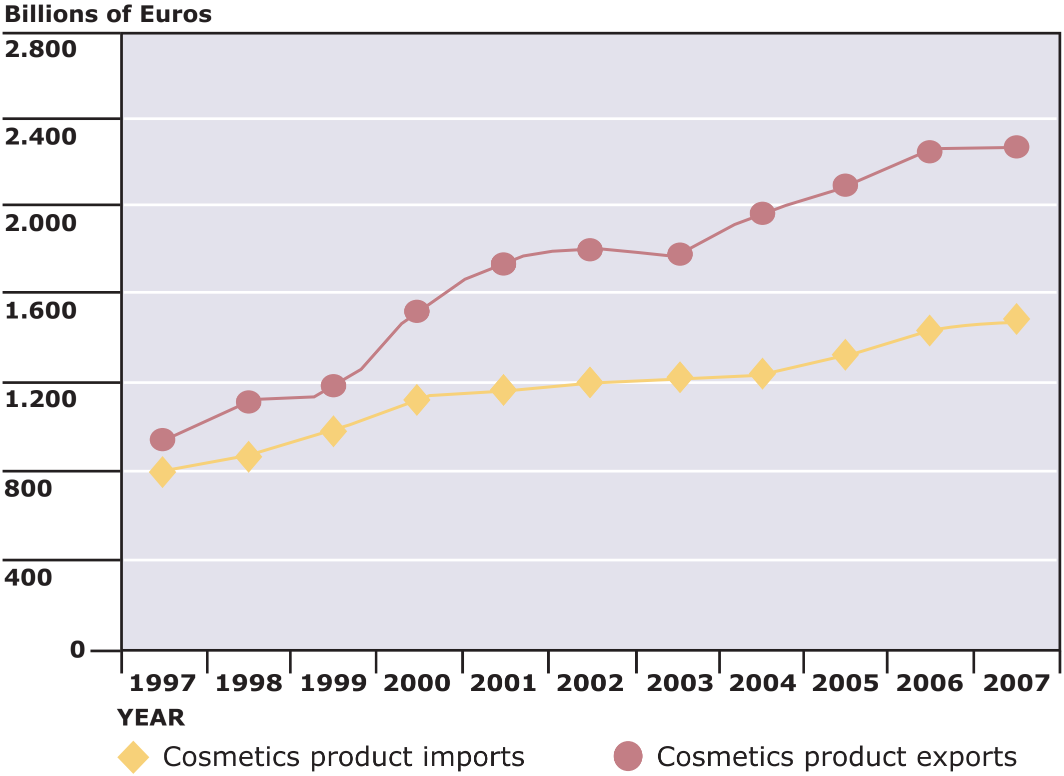


Source: Colipa, 2006

Imports and exports

- The analysis of the foreign trade figures generated by the Italian cosmetics industry is based on the statistics compiled every year by the Study Centre, starting from the data provided by the Italian Statistics Office ISTAT. For this purpose, it should also be noted that the Italian Statistics Office applies the relevant adjustments every year, including the ones that become operative in the course of the year in question, whose effect is to revise the data relative to previous years: as a result, the statistics elaborated by Unipro obviously also adjust the values applicable to the corresponding financial years. Nevertheless, with very rare exceptions, these adjustments are always marginal.
- Italy’s cosmetics **exports** recorded a standstill in 2007, with their value actually dropping off slightly, by 0.4%, to a total of 2.26 billion Euros.
  If the volumes are considered, on the other hand, the contraction was rather more substantial, with exports down by 4.9%, indicating that the phenomenon is also related to the range of products exported by Italy, whose cosmetics are typically specific for being at the high end of the market.
- In the meantime, **imports** increased by 2.1%, to a total value of more than 1.48 billion Euros, resulting in a **balance of trade in Italy’s favour** of 782 million Euros.
- There is no doubt that the foreign trade figures bear the weight of the tensions at work on foreign markets and the US dollar’s substantial slide against the Euro certainly also bears its share of the blame. Another factor at work here is the effect of intracompany trade, i.e. the value of the transactions taking place between the various facilities of individual multinational corporations, some of which have shifted their production from Italy to other countries, generating an evident reduction in Italy’s exports and a relative increase in imports.

TREND IN THE BALANCE OF TRADE



Elaborazione del Centro Studi e Cultura d'Impresa su dati ISTAT

- In 2007, **ratio of exports to total turnover** fell from the previous year's 28.1% to a level of 25.2%, certainly as a result of a fall-off in export volumes, but also because of the significant increase in the domestic market.
- The contraction in exports recorded in 2007 appears to have more of the traits of an episode related to contingent factors and certainly does not indicate any loss of competitive edge on the part of cosmetics made in Italy; in fact, an analysis of the trends in individual markets indicates that Italian made cosmetics are increasingly capable of catering for the diversified requirements of both new consumers and new areas.
- Breaking the **products exported down into types**, important contractions are found in the areas of shampoos, down by 3.3%, of creams and other comparable products, down by 5.4%, of toothpastes, down by a substantial 23.4%, of perfumes, down by 4.5%, and of toilet waters and colognes, down by 3.1%. Meanwhile, significant increases were registered by other haircare products, up by 11.7%, by compact and face powders, up by 20.8%, in personal deodorants, up by 11.2%, and by other perfume and toiletry products, up by 3.0%.
- Increases for certain **more specific families of products** are worth monitoring: lacquers and lotions for haircare increased by 14%, nailcare products soared by 84.7% and other products for oral hygiene grew by 28.9%, all confirming that the market is always readily capable of offering products that encompass and alert use of the results of research and innovation.
- Turning now to Italy's **imports**, the most significant increases are found in nailcare products, which increased by 34.2%, and in perfumes, which grew by 16.7%, but above all in creams and other products, which were up by 6.2% to a value of more than 490 million Euros, on their own accounting for practically one third of all Italian cosmetics imports.

FINISHED AND SEMI-PROCESSED PRODUCT EXPORTS

(January - December 2006 - 2007)

EXPORTS	QUANTITIES (Tonnes)			VALUE (thousands of Euros)		
	2006	2007	% VAR.	2006	2007	% VAR.
Shampoos	41.963,0	43.200,0	2,9%	88.650,7	85.719,3	-3,3%
Preparations for hair	1.883,1	1.986,5	5,5%	9.510,0	9.032,9	-5,0%
Lacquers	3.488,5	4.501,4	29,0%	9.281,9	10.987,3	18,4%
Hair lotions	1.367,1	1.658,2	21,3%	9.859,1	10.892,9	10,5%
Other haircare products	41.273,4	46.937,9	13,7%	215.184,9	240.305,7	11,7%
Loose and compact powders	3.244,1	3.735,5	15,1%	85.358,6	103.150,9	20,8%
Creams and other products	70.618,0	63.618,4	-9,9%	541.873,5	512.533,3	-5,4%
Lip make-up products	2.911,6	2.900,1	-0,4%	85.039,4	89.071,0	4,7%
Eye make-up products	4.900,3	4.486,9	-8,4%	149.209,5	149.635,2	0,3%
Nailcare products	430,6	1.667,1	287,2%	3.978,2	7.347,8	84,7%
Toilet soaps	84.592,9	75.977,0	-10,2%	119.615,9	118.687,6	-0,8%
Bath preparations	41.198,5	38.092,5	-7,5%	84.773,6	82.026,6	-3,2%
Personal deodorants	10.996,4	9.741,3	-11,4%	48.277,7	53.673,6	11,2%
Toothpastes	21.129,1	13.935,3	-34,0%	59.058,6	45.242,8	-23,4%
Other oral hygiene products	1.111,0	1.414,9	27,4%	5.276,4	6.799,3	28,9%
Beard, pre- and after-shave products	9.310,0	10.978,5	17,9%	38.248,3	39.156,4	2,4%
Perfumes and eaux de parfum	6.944,1	5.850,8	-15,7%	188.311,5	179.743,6	-4,5%
Eaux de toilettes and colognes	14.852,1	14.664,6	-1,3%	439.187,6	425.524,9	-3,1%
Other perfume and toiletry products	23.928,5	21.911,4	-8,4%	93.507,0	96.272,2	3,0%
TOTAL EXPORTS	386.142,3	367.258,3	-4,9%	2.274.202,4	2.265.803,3	-0,4%

ISTAT data processed by the Unipro Study and Corporate Enterprise Centre

- The trends in individual countries' economies impact to a substantial extent on evaluations of **foreign trade flows**. For this purpose, it is sufficient to mention that total Italian cosmetics exports to Asia increased by 7.2% and to America by 3.1% in the period in question, while Italian exports to the rest of Europe, which accounts for more than 40% of the country's global exports, fell by 2.8%.
- In Europe, Italian cosmetics exports reached a level of 1.5 billion Euros in 2007, practically 70% of all Italy's cosmetics exports: this figure alone already goes a long way towards explaining why the Italian cosmetics exports scenario was not very dynamic last year.
- The only countries among the top destination markets for Italian cosmetics exports that recorded increases in 2007 were Russia, up by 26.6%, and Switzerland, where the increase was 10.6%.
- The growth of **new economies** and the development of **new markets** explains the trend in the foreign distribution of cosmetics made in Italy and their potential: an analysis of the countries where the attention of the Unipro internationalisation plan for 2008 is focused has been found to match this evolution coherently. The Association will be working in a total of 16 countries in the course of the year, only five of which were found to have recorded a reduction in Italian cosmetics exports – and a negligible one at that.
- Turning now to focus on the **emerging areas** of BRIC (Brazil, Russia, India and China) and the Asian Tigers, Indonesia is alone in recording a reduction in Italian exports, which fell by 20.3%, although the drop in value was very insignificant. In the other countries, Italian cosmetics exports totalled some 260 million Euros, indicating an average growth rate of more than 15% over the previous year.

FINISHED AND SEMI-PROCESSED PRODUCT IMPORTS

(January - December 2006 - 2007)

IMPORTS	QUANTITIES (Tonnes)			VALUE (thousands of Euros)		
	2006	2007	% VAR.	2006	2007	% VAR.
Shampoos	35.116,3	32.976,3	-6,1%	76.155,7	66.819,1	-12,3%
Preparations for hair	308,4	237,2	-23,1%	1.760,3	1.471,2	-16,4%
Lacquers	2.723,5	2.228,1	-18,2%	11.617,2	8.448,9	-27,3%
Hair lotions	3.676,9	4.180,5	13,7%	12.646,3	11.215,4	-11,3%
Other haircare products	30.646,2	31.521,5	2,9%	138.670,0	139.972,1	0,9%
Loose and compact powders	942,5	766,5	-18,7%	26.014,1	20.902,1	-19,7%
Creams and other products	35.634,2	37.281,5	4,6%	464.856,4	493.608,9	6,2%
Lip make-up products	1.485,4	1.427,6	-3,9%	49.216,4	48.841,5	-0,8%
Eye make-up products	1.523,6	1.567,3	2,9%	47.396,4	47.158,8	-0,5%
Nailcare products	1.922,3	2.759,9	43,6%	24.929,4	33.448,7	34,2%
Toilet soaps	18.573,9	19.223,7	3,5%	38.671,5	39.395,1	1,9%
Bath preparations	21.854,0	20.273,3	-7,2%	40.500,1	42.301,9	4,4%
Personal deodorants	6.611,5	5.991,6	-9,4%	48.730,0	49.260,2	1,1%
Toothpastes	20.018,5	19.964,5	-0,3%	64.674,1	63.191,2	-2,3%
Other oral hygiene products	6.864,7	10.427,7	51,9%	29.221,3	33.140,0	13,4%
Beard, pre- and after-shave products	6.045,4	6.374,5	5,4%	28.053,2	30.593,0	9,1%
Perfumes and eaux de parfum	2.656,8	2.604,0	-2,0%	69.617,4	81.266,5	16,7%
Eaux de toilettes and colognes	8.438,4	7.039,2	-16,6%	230.233,8	219.648,3	-4,6%
Other perfume and toiletry products	10.936,9	11.449,0	4,7%	49.684,7	52.959,6	6,6%
TOTAL IMPORTS	**215.979,4**	**218.293,9**	**1,1%**	**1.452.648,3**	**1.483.642,5**	**2,1%**

ISTAT data processed by the Unipro Study and Corporate Enterprise Centre

Areas of internationalisation

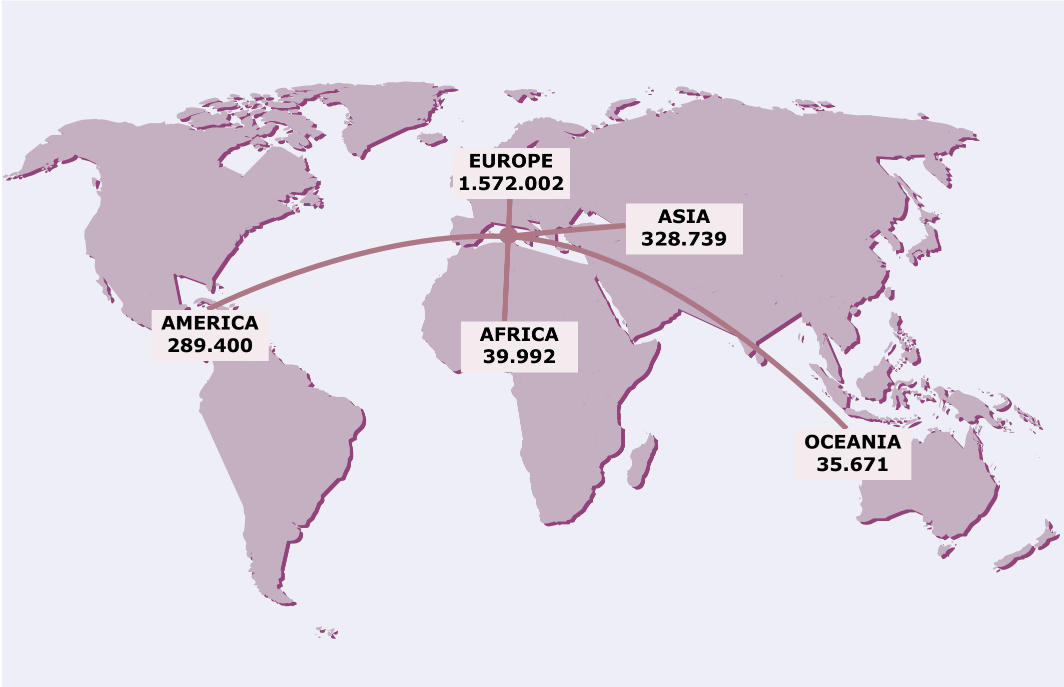
ITALIAN COSMETIC INDUSTRY EXPORT - TOP TEN COUNTRIES

(Values in millions of €)

Francia	302,3 (-1,5%)
Germania	213,4 (-18,1%)
Stati Uniti	193,2 (-0,2%)
Regno Unito	189,6 (-6,5%)
Spagna	157,3 (-2,9%)
Federazione Russa	103,4 (+26,6%)
Grecia	67,2 (-1,3%)
Paesi Bassi	64,1 (-15,1%)
Svizzera	59,0 (+10,6%)
Emirati Arabi Uniti	53,6 (-0,7%)

FLUSSI INTERNAZIONALI

(Export - Thousands of euros)



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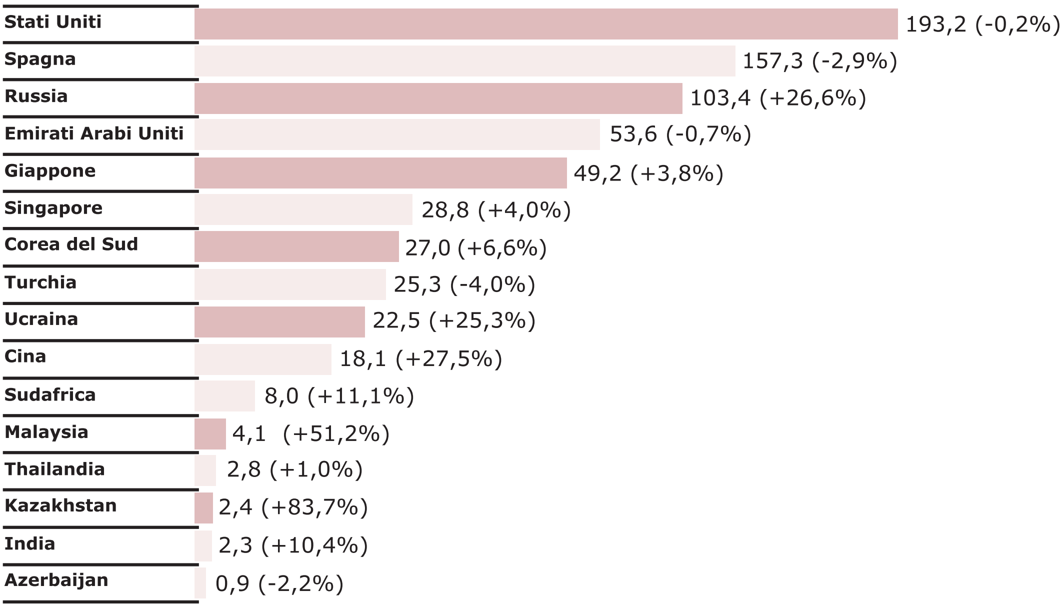
PAESI DEL PIANO DI INTERNAZIONALIZZAZIONE 2008

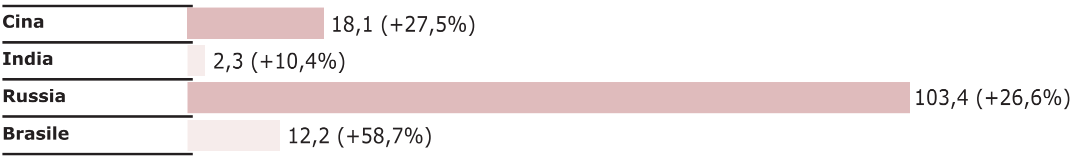
(Esportazioni - Valori in milioni di Euro)



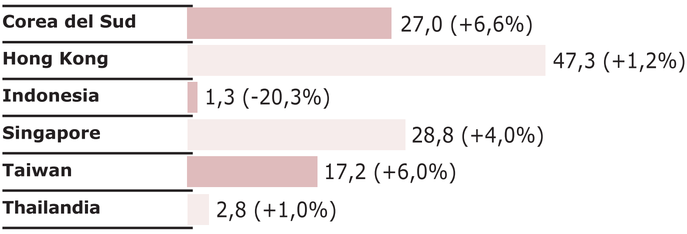
AREE GEO-ECONOMICHE

(Esportazioni - Valori in milioni di Euro)

BRIC



TIGRI ASIATICHE



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