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GOLD/SILVER/JEWELLERY SECTOR: CONSOLIDATION IN 2024, FOLLOWING RECORD YEAR IN 2022 AND MODERATE GROWTH IN 2023

Total revenues of €8.4bn in 2023, up 25.8% on 2021
Non-Italian-owned operators: average revenues €203m, 3x higher than total posted by Italian operators
Headcount: 16,300 staff, 16.3% higher than in 2021

Milan, 16 January 2025

The **Mediobanca Research Area** has today published its first survey of the gold/silver/jewellery sector in Italy. The survey analyses the financial data of the **97 largest players** in this sector with above €19m in turnover (42 of which based in the regions of Central Italy, 32 in North East Italy, 21 in North West Italy, and 2 in Southern Italy). The survey also contains a report on sector trends compiled by **Centro Studi di Confindustria FEDERORAFI** which analyses the trade exchanges for the segment and the first findings for 2024 and 2025.

The full survey is available for download from www.areastudimediobanca.com.

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Preclosing data for 2024 and expectations for 2025

In the **first 10 months of 2024**, the revenues generated by the fine jewellery industry rose by 5.8% (Istat data), with exports more dynamic than domestic sales on this occasion (growth of 7.2% vs growth of 3.0%). These trends were partially confirmed by the majority of producers in their response to a questionnaire sent to them by **Centro Studi Confindustria FEDERORAFI:** 39.3% of the companies that responded reported lower pre-closing revenues for 2024 than for 2023, 32.8% saw figures improving, while 27.9% said they expected their turnover to remain unchanged.
As regards expectations for **2025**, 47.5% of the companies see turnover flat versus 2024, 31.2% expect revenues to decline, while 21.3% have a more positive sentiment.

Return to normality following the 2022 boom

In 2023, the 97 largest producers of precious jewellery in Italy reported aggregate turnover of **€8.4bn** (up 3.9% on 2022 and up 25.8% on 2021 levels), and employ almost 16,300 staff (16.3% more than in 2021).

In 2023, 36.5% of their income was generated by players located in North West Italy, 32.4% by companies based in North East Italy, 30.4% by those based in Central Italy, and 0.7% by those located in Southern Italy, Sicily and Sardinia. Although less numerous, the companies headquartered in North West Italy have higher average total revenues (€145.4m), compared with €84.6m for those based in North East Italy and €60.5m for those located in the central regions of the country.

Non-Italian-owned operators appear to be more important in terms of size than of number (just 11 companies): their average revenues in 2023 (€203m) were three times those of their Italian

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counterparts (€71.3m), with an aggregate top line of €2.2bn, or 26.7% of the overall total sales. The non-Italian-owned companies are also **growing more** than the Italian ones, both versus 2022 (up 15.5%, vs 0.3%) and versus 2021 (up 39.3%, vs 21.5%), on an improved performance in terms of exports, which have grown more than twice as fast as those of the Italian-owned companies (up 42.7% from 2021 to 2023, vs 19.3% for the Italian firms).

The firm that ranked first in 2023 for total revenues was **Bulgari Gioielli** (€870m), ahead of **Morellato** (€739m) and **PGI** (€566m). The top three were followed by **Damiani** with €334m and **UnoAerre** Industries with €264m. Overall there are ten companies which posted revenues of over €150m. With its acquisition of German group Christ, Morellato has almost doubled its turnover since 2022, with the share of total revenues accounted for by the retail channel rising to 83.9% (having previously been 69.3%).

The **profitability** of the gold/silver/jewellery sector operators (as measured by Ebit margin) rose from 6.3% in 2021 to 7.8% in 2022, improving further to 8.5% in 2023. From a geographical perspective, the companies located in North West Italy reported the highest Ebit margins (9.7% in 2023, up 2.7 pp on 2021), followed by those based in the centre of the country (8.4%, up 0.8 pp). The top three positions in terms of profitability were taken by **Gimet Brass** (40.8%), manufacturer of components for costume jewellery, followed by Tuscan group **Treemme** (30.1%) and by **Coin Holding** (29,9%).

The **net profit** reported by the industry is positive and the trend is upwards. In the three years under review, the net profit posted by the aggregate of companies totalled approx. €1.2bn, equal to 55% of their equity at end-2021, and in relative terms rose from 4.4% of total revenues in 2021 to 5.2% i 2023, despite reflecting a slight reduction of 0.3 pp versus 2022.

Investments in 2023 were up 59.4% on 2021 and up 34.3% on 2022. For the internationally owned-companies, the increase since 2021, of 147.1%, was much more pronounced than that posted by the Italian-owned operators (up 38.7%). The most dynamic companies are again those internationally owned and the ones located in Northern Italy when measured by investments relative to initial tangible fixed assets, whereas by size, the medium-large firms invest at twice the intensity of the MSEs (16% vs 8.5% in 2023), with the smaller ones lagging behind (6.1%).

As for net equity, in the 2021-23 three-year period the solidity of the companies included in the panel has improved: financial leverage has reduced from 84.9% in 2021 to 65.3% in 2023, with the growth in net equity outpacing that of borrowings (the former up 42.3%, the latter up 9.3%). Indeed, the growth in net equity was driven by the net profits accumulated, coupled with a reluctance to pay dividends which in the three years totalled €265m (22% of the aggregate profit reported in the period), as companies have preferred to reinvest proceeds in their businesses.

Organizational features and main strengths and weaknesses of the jewellery sector

The gold/silver/jewellery industry is one of the leading sectors that falls under the Made in Italy umbrella, that has made a significant contribution to the nation's image in the world through the quality of its craftsmanship and the originality of its products. Based on Istat data, at year-end 2022 there were **almost 7,000 companies** operating in this sector in Italy, with an aggregate headcount of **31,146 staff**, equal to 4.5 employees per form, with a marked prevalence of micro-enterprises and small companies, many of which are family-owned.

Only the largest operators, many of which are owned by international fashion *maisons*, and the few top independent players at the high end of the market have the finances necessary to structure an adequate sales network and incur the massive publicity expenses that would enable them to address the mass retail public directly. Operators that are backed by their own commercial network (and/or in franchising) are able to leapfrog the intermediate steps in the process and extract higher added value from their business, which otherwise has to be shared with wholesalers, international buyers and other intermediaries.

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The shortening of the value chain has been facilitated by the growth in the **digital channel**, which received a notable boost during the years of the pandemic. Strengthening e-commerce operations has been a factor in resilient performances and is one of the reasons that persuaded Morellato, for instance, to acquire German firm Christ in 2023, one of the few cases in which Italian companies operating in this sector have made acquisitions outside the country.
In recent decades there has been increasing competition from other sectors. The large fashion houses and watch manufacturers have often launched their own fine jewellery lines, through partnerships with leading operators but also through M&A deals. New productive geographies becoming established has also sharpened international competition, as numerous countries grow by exploiting low labour costs and sometimes adopting imitation have eroded Italy's position, in unbranded and lower added value lines especially, and in the process obstructing access to international end-markets for a sector that is well known for being export-minded.
China and India are respectively the first and third leading exporters of fine jewellery in the world, and, together with Switzerland (which, as the hub and country through which Italian and French gold products are channelled, is the second largest exporter) account for approximately one-third of the aggregate exports. Italy ranks fifth here, with a share of 8.7%.

Factors which have enabled the sector to address the risks posed by globalization include its **strong regional specialization** and **technological innovation**, backed by investments which enable high quality products to be used while at the same time restricting competition based on prices. Excessive manufacturing fragmentation, plus other factors such as the length of the distribution chain and dependence on valuable raw materials whose prices often vary considerably over time, are some of the sector's main weaknesses.

Overview of ownership structure and production base

Of the leading fine jewellery manufacturers' aggregate net equity, approx. 77.1% is family-owned; if the two companies owned by Italian private equity funds are also included, the aggregate Italian-owned net equity climbs to **78.4%.** The other **21.6%** is non-Italian-owned. Of the eleven non-Italian-owned companies, five are controlled by French shareholders, including LVMH which has three Italian subsidiaries ((Bulgari Gioielli, Vpa – Villa Pedemonte Atelier and B.M.C.) and **Kering** (Pomellato). Two Italian companies (PGI and Buccellati Holding), meanwhile, are owned by Swiss giant **Richemont** which extended its reach in the Italian fine jewellery sector with its 2024 acquisition of **Vhernier**.
Direct links with financial markets are negligible. Only **Fope**'s shares are traded on the AIM market, while shares in **Damiani** were listed in November 2007, before being withdrawn from listing in 2019. Thus the openness of the panel companies' equity of the companies is limited, although there has been some movement recently, such as the 24% stake in **Mattioli** sold by the family owners to a non-Italian fund in March 2024.

The majority of the sector companies' production base is in Italy: overall a total of ten production facilities are located in other countries (four in Europe, three in Asia, two in the Americas, and one in Africa), whereas a total of 94 commercial and service branches are located outside Italy: 40.4% in Europe (11 of which in France, eight in Germany and six in Spain), 35.1% in Asia (nine of which in China and eight in Hong Kong), 23.4% in the Americas (18 of which in the United States) and the other 1.1% in Africa.

Main raw materials prices

The prices of gold, the safe haven par excellence, and the other commodities used by the sector are affected by geopolitical and macroeconomic conditions, which have been particularly

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turbulent in the post-pandemic period. Between 2019 and 2024, gold prices rose at an average annual rate of 11.4%, with the highest prices in the five-year period reached in October 2024, of USD 2,690 per ounce, compared to an average of USD 1,393 in 2019.
The same applies to silver, the price of which grew at a CAGR of 11.7% in the same period, closing at USD 30.4 per ounce in December 2024, whereas platinum, which recorded an average price of USD 1,092 per ounce in 2021 before retreating to USD 936 at year-end 2024, still reported annual average growth of 2.0% over the five-year period.
The pronounced fluctuations in the prices of the main raw materials not only create difficulties in terms of planning the manufacturing phases, but also impact on the sector's financial equilibrium, causing an increase in inventory stocks (which, for the companies included in the panel, increased by 25.8% in the three years) and in trade receivables (up 17.9% on 2021), the latter due to the increased terms of payment requested by clients subject to growing financial commitments because of the increase in gold prices.

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