

Piaggio Group

Q1 2024 Financial Results

CORPORATE PARTICIPANTS

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Operator

Good afternoon. This is the Chorus Call Conference Operator. Welcome, and thank you for joining the Piaggio 1 Quarter 2024 Financial Results conference call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. (Operator Instructions).

At this time, I would like to turn the conference over to Mr. Raffaele Lupotto, Investor Relations of Piaggio. Please go ahead.

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MANAGEMENT DISCUSSION

Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Thank you very much. Hello, everyone, and welcome to the first quarter 2024 financial results, the conference call will be hosted by Piaggio Chief Executive Officer, Mr. Michele Colaninno; and Piaggio Chief financial Officer, Alessandra Simonotto. Today, we are also pleased to have Piaggio Group Executive Chairman Mr. Matteo Colaninno with us.

You can access the slides supporting this conference call on the internet at Piaggio Group website. As you may expect, before starting the presentation, I need to remind you that during today's conference call we may use forward-looking statements based on Piaggio's current expectations and projections about future events. By their nature, forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to be materially different. As mentioned also in the Safe Harbor statement included on Page 3 of today's presentation. Also, I remind you that the press has been invited to participate in this conference call in a listen-only mode.

With that said, let me turn the call over to our CEO, Mr. Michele Colaninno.

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Miche Colaninno - Chairman and Chief Executive Officer

Yeah, thank you, Raffaele, and good afternoon ladies and gentlemen. Let me give a brief comment to our first quarter results. First of all, I hope that all of you are satisfied about the marginality we have reached because gaining 3% on EBITDA margin quarter-on-quarter has been a tough job, I can assure you. Now the goal is to maintain that level until the end of the year, given that, as you know, the global situation, especially geopolitical situation, is not showing fair solutions for world in peace.

Having said that, as far as revenues are concerned, I have to say that the decline has been mainly driven by the Asian market, where in the last first quarter of '23, we decided to push a little bit expecting and forecasting a growth for the entire year of 2023, instead, as you know, as I have told you many times before, Asia has started to decline in premium consumer business all over the countries, since May last year and this has been managed by Piaggio in reducing and rebalancing the business stock so to do not have problems at that level.

India instead is showing good market and I think and we think that it will continue to be good especially after the election period that in India takes two, three months to conclude given that it's 1.5 billion people population. Europe, the main situation in Europe is a legislative change due to the introduction in 2024 of legislation's reducing CO2 emissions and introducing new technologies for passive and active safety on vehicles, both in two-wheeled and four-wheeled vehicles. I have to say that we do not want to follow the discount market that we see all over the European countries because we have to manage properly the correct ratio between sell-in and sell-out considering that if the dealers make margins, good margins, we make good margins. So, it will continue all over the year the situation of controlling sell-in and sell-out, given that the Euro 5 Plus legislations will be developed by the end of 2024.

Last but not least, let me tell you something about the debt situation. The debt situation has been influenced by the decision we took to increase our stock of finished products and components due to the uncertainty we have seen and we see on the Red Sea. So, we preferred to increase our stocks to be ready to fulfill and answer to any worsening situation on the delivery and transportation side. So, this stock will be reduced by the end of June, I think, because we didn't push too much, but if you analyze numbers, we had an increase in debt due to this situation because the Working Capital has been roughly the same of last year even with the decline in revenues line. So, from a cash point of view, I'm very satisfied.

Productivity remains a driver among the business, and I have to say that if markets that have declined until now, especially Asia, will start to recover by the end of the year, with those margins, we would be very satisfied and happy. Our estimation is that Asia will do like this. March and April have given us signals of stabilization on the market and we foresee a slight increase by the end of the year starting from, let's say, end of May, beginning of June, let's say, by the end of the second quarter.

So, we are continuing investing in our brand equity and customer experience all over the world because we think, I think, I'm personally convinced that in a situation like this, having a better experience for our customers and creating a world of brand equity around all our brands, Vespa, Moto Guzzi, Aprilia, Piaggio and the commercial vehicles in India, is the differentiation that we can create among the markets that are continuously reducing prices all around the world. We're not doing that.

As we are speaking, I have just to say, we are launching the new models for Vespa in Asia, especially in a Shanghai Fair, the event is going on now and customers are happy, and dealers are happy. So, the situation of the first quarter, it is a situation where we continued to push for margins instead following discounts to gain some revenue, and this is a strategy that is linked to our brand strategies around the world. I've also to say that the launch of the new models, especially the Moto Guzzi Stelvio and Middle Engine RS 457 Aprilia,

has taken us some delay, because of transportation and logistics. So, the bikes have been introduced in Europe, let's say, from 15th March, will be introduced in U.S. by the end of June, because I repeat, transportation has 20 days more today compared to last year.

From a cost side, we do not foresee major issues and major problems, but you know better than me that we are managing a world that can change the day from the other. I personally thought that the situation would have been better from a peace point of view, instead, it's continuing to be the same situation of the end of last year.

So, having said that, what we foresee for the future of the company in the year that we have to maintain those marginalities that are very high, it's not an easy job, because problems are there. We know that, but the forecast that we have from our markets and our CEOs around the world are on that line. This is just a brief introduction of what we had in the first quarter of this year. I repeat to you that there will be perhaps some markets going up, some markets going down, but that's normal, that's normal business. We are pushing to maintain dealers healthy and marginality, if that is what we will reach by the end of the year, I think that the 2024 year can be a nice year comparable to the 2023.

Now, I hand over to Alessandra Simonotto, our CFO that will explain some details about the numbers you have seen on the presentations, and then I'm happy to answer all the doubts, questions, answer whatever it is. Alessandra, up to you.

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Alessandra Simonotto – Chief Financial Officer

Thank you very much. So, I hope -- I believe that you have already seen the slides that we put at your disposal today as usual. I want only to strengthen another time, just what Mr. Colaninno said, that this quarter results are the -- better from a margin point of view that we reach over the time in Piaggio Group, we gain 30.54% of the gross margin, 366 basis points on first quarter 2023. We gain 279 basis points on EBITDA, a 17.6% on first quarter 2024 against 14.9% in 2023, the best results we have until today. The same is for EBIT, where we are now at 9.7% against 8.2% in 2022.

And also, from a cash flow point of view, we don't have any specific impact on the situation we manage from a revenue point of view, because as you can see, the absorption is more or less the same we had last year and is clearly connected to the seasonality that we normally face in this moment.

Going to -- I don't know, if you prefer to go ahead some question-and-answer or if you prefer to comment the other slides, I'm at your disposal. Raffaele, what do you think?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

I think that Alessandra has already highlighted the key points, and in order to make this call very quick, we can also jump directly to the Q&A section. Okay?

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QUESTION AND ANSWER SECTION

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Operator

Okay, thank you. This is the Chorus Call Conference operator and we will now begin the question-and-answer session. (Operator Instructions) The first question is from Monica Bosio with Intesa SanPaolo. Please go ahead.

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Monica Bosio – Banca Intesa San Paolo

Good afternoon, everyone, and thanks for taking my questions. The first one is just a check, you've already said that you are going to push on the margins over the – across the next quarters. Just to be sure, does this mean that in the next quarter, Piaggio will be able to deliver the same margin of the first quarter, so which is well above 17%?

The second question that's something that I do not understand very well. So, are you still destocking in Europe also for the second quarter or the destocking is almost at the end? I'm just wondering -- asking this because I'm just wondering if we can see a stabilization of the revenues in the second quarter.

And the very last question is for the housekeeping, can you please just give us an indication of for D&A over the full year? Thank you very much.

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Michele Colaninno - Chief Executive Officer

Thank you, Ms. Bosio, for your questions. First of all, on the margin side, I would say that the 17% of EBITDA is the target that we have in mind and also the gross margin level, roughly, because it's situation where I repeat Europe is in a legislation change and Asia is forecasted to grow since the beginning of the third quarter. Let's say, mid of June. Having said that, because we manage costs and productivity, I don't foresee any reduction in margins and the reduction -- and the margins that we have reached has been reached without increasing prices. So, it's totally productivity-driven and cost-driven.

As far as destocking in Europe, I would like to say that the destocking will never finishing -- will never finish because when you have a change in legislation you know that you have some hurdle to pass and you have obligation to maintain on a percentage of sell-in compared to the last year. And so, we manage month-by month maintaining if you want the same level of stock, so we don't have to destock, we don't have also to increase the stock, that's the problem. So, if we see a reduction in revenue in Europe, obviously we have to reduce the sell-in, but we don't see it, we just manage sell-in and sell-out ratio to be fair in a change of legislation year, but that's what happens every time you have a new legislation coming. So nothing disruptive.

D&A level would be...

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Alessandra Simonotto – Chief Financial Officer

More or less EUR10 million, EUR15 million more than...

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Michele Colaninno - Chief Executive Officer

We will have an increase of EUR10 million compared to last year.

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Monica Bosio – Banca Intesa San Paolo

Thank you very much. Very clear. Thank you.

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Michele Colaninno - Chief Executive Officer

Thank you.

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Gabriele Gambarova – Banca Akros

Yes, good afternoon and thanks for taking my questions. The first one is on Asia or, sorry, on India, because in Q1, basically there was a flattening of volumes after many quarters of growth. So, I was wondering if you could share with us what's going on, how the market is doing, how your market share is doing, what do you foresee for the rest of the year?

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Michele Colaninno - Chief Executive Officer

Thank you, Gabriele. Well, as far as India is concerned, we gained market share in the first quarter slightly. So, we are following the market. The fact that the election in India takes more than two month and a half to be completed, obviously puts the Indian population in peace, let's say, they are not pushing on consumer business. Even though we see that the margins are good, the new vehicles that we introduced in 2023 are very appreciated by the market. The electric market in India is so far good. Last week we introduced a new technology for -- the technology that we decided to follow, given that the FAME II incentives have been reduced by the government. So, we decided to launch the leasing of the battery for the customer so to make him in the position to buy at the lower price, the electric vehicles. So, we are following a very intelligent idea, let me say, to maintain the market share or if we can to increase the market share slightly.

Asia, as I told you, Asia is a giant country because when I speak about Asia, I speak about the ASEAN countries and because China has reduced the consumer business all among businesses. If you take automotive, but also luxury, real estate. The Shenzhen Stock Exchange has reduced. There's a problem over there, but I think China remains China and it will recover. No problem, no doubt. We estimate that China will recover by the end of the year, starting from June.

The same is for Vietnam. Vietnam, as we know, is in a political situation that is a little bit slowing down the businesses, not just two-wheel business. There has been an anti-corruption laws that have been introduced in the country since the beginning of last year that has caused some problems over there. We are continuously instead pushing the brand equity and we don't want to go into discounts. Asia will recover, we are referring to a market that is still a million of vehicles in the area. Yeah, most of them are not at the price that we have in our brands, and we want to stay there. So, I'm fairly satisfied about what I've seen starting

from March this year, there is a stabilization. So, no more big decline. It has been declining. We see the numbers. April has been declining, but at the lowest pace. So, it seems that the curve is reversing, and when the curve reverses those margins, we will be happy.

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Gabriele Gambarova – Banca Akros

Okay, thank you very much.

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Gianluca Bertuzzo- Intermonte

Hi, and thank you for taking my question. I have a question on pricing. I think you said you didn't increase the price, but in the presentation, I noticed that you said that the gross margin has improved, thanks to enhanced pricing power. Can you reconcile these two comments? And still on pricing, in a period of change of regulation and after the big inflation wave, there may be some pricing pressure in the market, what is your stance on that, how you will use pricing going forward?

Second question is on net debt, what is your target for the year, if you have any?

Thank you.

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Michele Colaninno - Chief Executive Officer

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Thank you very much for your question. From a price point of view, when I say that we didn't increase price, we didn't increase price to balance an increasing cost. Every year, there's a slight zero-point increase, but that's normal. Let's say, that we have increased price as the inflation is -- a normal inflation of 1%, 2%, but not increased price to compare the inflation of 12%. So, it's an ongoing managing of the pricing list that is normal.

So, I do not want to increase price to balance the eventual increasing cost. If the cost rises, obviously we follow the increasing cost, managing the pricing list. Even because, as you said, and I agree with you, there's a pressure on pricing instead, especially in Europe and Asia, everywhere, let's say, everywhere in the world, there's a price pressure, we are out of that arena, we don't want to discount our vehicles. When I say, we don't want to discount, we don't want to put big discounts, we see in Asia 30% on discounts, 20% on discounts. If we do this, we destroy our brand. While at the same stage, we want to increase our value, so I want to maintain the price position that the Piaggio Group has all over the world and not going into the arena of fighting with Asian producers, mass market, stealing a customer one from each other for just \$2, that would be not an intelligent strategy.

So, we will maintain -- the strategy of maintaining the price, I repeat, we have some normal discount, we have some consumer financing positions and policy, but that's normal on every business. We don't have any peak or increase in discounts.

Net debt. Yeah, as we said last year, we confirmed that it will be around EUR400 million.

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Gianluca Bertuzzo- Intermonte

Okay, thank you very much.

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Michele Colaninno - Chief Executive Officer

Hoping to be better than EUR400 million, let's say, and working to be better than EUR400 million.

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Niccolò Storer – Kepler Cheuvreux

Thank you, thank you for taking my two questions. The first one is on cash opex evolution. We've seen some big savings in Q1, what should we expect going forward? If I remember well last year, Q1 was particularly heavy compared to 2022. So, maybe this is just a reversal and then going forward we should expect more stability.

The second question, I would like to go back to India. On the one hand, we have market figures, which seems to be strong, and you said before that, you're gaining market share but in reality numbers are down year-on-year. So, can you please give some more color on that and why you say you are seeing some market share gains with numbers down against the market up in both three-wheelers and two-wheelers? Thank you.

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Michele Colaninno - Chief Executive Officer

Thank you for your questions. I would like to start from cash opex. As you know, the composition of our cash opex are made also of variable cash opex directly linked to the numbers of vehicles we sell. So, with reducing the numbers of vehicles, it's totally related, the natural reducing in cash opex. At the same time, I'm never happy about saving money, so we will continue to manage cash opex and to be productive on that. Having said that, we do not want to postpone, let's say, investments for instance in marketing and communication, we just want to spend better quarter-by-quarter the money that we get.

As far as India is concerned, you're right, market share has not increased. But you have to consider, and that has been my perhaps not precise declarations before, we have a sum of electric and thermic engines in India, we decided not to increase the sell-in of electric vehicles before having clear what would happen on the FAME II regulations. So, the decline in sell-in and sell-out of electric vehicles has been more than counterbalanced by the increase in market share in the thermic engines. That's because electric markets all over the world are slightly, slightly and slowly, slowly taking part substituting thermic engines. So, we gain on the thermic engines, we decided not to push too much on the electric side because we want to be very safe from the incentives.

I personally do not think that the markets should be driven by incentives because they come and they go and they drive the customers in the market. But having said that, as I told you, we think that the electric three-wheeled vehicles market in India will slowly increase, and we are continuously slowly investing on that market. We are launching new technology for the customers. So, what I have in my numbers is that we have to maintain or increase on the thermic side, that is a good margin business, by the way, in a growing market.

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Niccolò Storer – Kepler Cheuvreux

Perfect. And maybe if I can also go back to Europe on sell-in, sell-out issues. Basically, if I understood well the answer to Monica's question, from now on, we should see a more balanced sell-in and sell-out figures, is this right? And very last question on gross margin, 30.4% in Q1. So, basically it's correct saying that the target for you in this 2024 is to keep 30% for the full year? Thank you.

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Michele Colaninno - Chief Executive Officer

Well, we don't have to reduce targets. We have the target to maintain roughly 30%. We can see some plus one, minus one in the ongoing months, but by the end of the year, this is the target. It is not impossible, it is difficult, because you know better than me that managing such a situation around the world is not the perfect situation for a production company like us, but the target is that, yeah I confirm to you.

From the sell-in and sell-out point of view, the correct ratio is to maintain the actual ratio. So, every sell-out means sell-in, but I don't want to push on sell-in. If the sell-out driven, I want to be very frank, driven by big discounts would affect our vehicles. I prefer to lose EUR1, let's say, EUR1 on revenue instead of discounting. Then we have to or obviously we have to be clever enough to convince the customer that our product is better than the other, but that's the business, that's normal. And we do this launching new products every year, creating new businesses as far as Vespa is concerned, we are launching the new lifestyle and apparel collections slowly, but we will have surprises for you. That's marketing, that brand equity, that's the soul of our brands.

So dealers must be happy. If you push the dealer to buy with discount and then his stock is blocked for month, he's not happy, he's not making money. So, I prefer not to increase their stock, but follow the market and be better than other brands. That's what we have to do in terms of quality, perception, culture, experience, dealer distribution network, where I am not 100% satisfied, not from the entrepreneurial side, but from the perception that the customers have entering our dealer. We are continuously putting on the table some ideas to increase the value of the dealership. I think that the retail business is not bad. I think that the retail business is the way and remain the way to communicate to our customers. So, people must come to our dealerships and to do this is not easy obviously because the competition is not --we're not alone in the market, but I think we are doing a good job.

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Niccolò Storer – Kepler Cheuvreux

Great. Thank you. Thank you very much.

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Emanuele Gallazzi – Equita

Yes, good afternoon, everybody. Thank you for taking my questions. I have three questions. The first one is a follow-up on the gross margin, can you just give us a rough idea of the gross margin per geographical area to understand which region drove the strong performance in the first quarter?

The second one is on the outlook for 2024. I was wondering if it is fair to assume that the base case now is to reach this 17% or 17.5% EBITDA margin, despite the top line which will be, let's say, somehow down year-on-year?

And the last one is a more technical one and it is related to the subsidies you get from the MIMIT for the Pontedera factory, can you just help us understanding the potential impact on your 2024 P&L and balance sheet? Thank you.

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Michele Colaninno - Chief Executive Officer

So, gross margin, you said, if we want to maintain around 30% in every geographical area, let's say, that we have grown in every geographical area quarter-on-quarter, from a margin -- from a percentage point of view. So, every quarter is in positive shape. I repeat, I have to repeat myself, we are working to maintain those numbers and those comparisons. We think that we will have a recovery also in revenues and can enhance those jobs, those work because if you have a revenue growth in Asia, obviously it will impact positively the gross margin over there.

For 2024, sorry, were you asking about the end of the year?

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Emanuele Gallazzi – Equita

Yeah, I mean, for 2024 the question was, it's clear your target plus 17% or 17.5% EBITDA margin. I was just trying to understand your base case for the revenue – for the top line. So, if you are expecting top line to be down year-on-year in 2024 or somehow flat?

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Michele Colaninno - Chief Executive Officer

I would say that we will absorb the decline revenues top line that we have in the first quarter of this year, but I do not foresee any major issue again in the world. So, let's say, that we could be roughly flat, but regaining EUR95 million roughly of revenues in such markets is not easy if you don't have a growing market. The market has to grow, as we are forecasting now in Asia and to remain stable or slowly declining in Europe, that's what we forecast.

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Emanuele Gallazzi – Equita

Clear, and for the subsidies...?

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Michele Colaninno - Chief Executive Officer

On the MIMIT situation, I give the task to Alessandra, that is an expert.

Alessandra Simonotto – Chief Financial Officer

Okay, about the agreement we have signed with MIMIT at the end of March for the mobility program, the subsidize for more than 38 on the paper, EUR38 million. We do not expect any impact on depreciation on 2024 because we have --the program of capex are about the electric Porter that will be on the market at the beginning of 2025. And with all the most important things, so with cybersecurity, ADAS, ARAS and so forth. And also the other projects will be on the ground not before the end of 2025. So, I think that we could have some or a little effect on the cash flow within the end of December, but we have to do a very hard work with and MIMIT. And from a profit and loss point of view, we will begin to see the effect from the end of 2025.

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Emanuele Gallazzi – Equita

Okay, just a clarification. It means that it is not included in your target of around EUR400 million of net debt?

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Alessandra Simonotto – Chief Financial Officer

No, not at all.

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Emanuele Gallazzi – Equita

Okay, very clear. Thank you very much.

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Sebastien Lemonnier – Pascal Investment

Hi, good afternoon. A few questions on my side, maybe the first one, given the margin has been quite impressive. Can you help us please to quantify the split between cost improvement and productivity improvement? And within the productivity, can you give us some examples to understand, what has been the driver? So that's the first one.

Second one on the electric vehicle, I understand your point, but living in Paris, where we have a lot of constraints, I see there is appetite and I was just wondering, can you reconsider another marketing approach basically, because it seems to me that the customer in general is not so much aware of your swappable battery, which to my point of view have a big potential in the market?

Third one is on the future of the commercial vehicle. Can you update us?

And the last question, which is a little bit more personal, you have the CEO position since roughly like nine months. So far, I don't see that you've been on road show with investors, is it something that may evolve going forward? Do you consider Capital Markets Day and do you consider yourself maybe more available for investor in direct? Thanks a lot.

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Michele Colaninno - Chief Executive Officer

Thank you for your questions. Productivity, we don't want to disclose our job. We just disclosed that we have done a good job and we will continue to do a good job, I hope.

Electric market. I agree with you, Paris is in a situation that is difficult to be understood. You know that I am chairman also for ACEM. We are asking every day for new investments in infrastructures, the legislators, even though nobody is putting money on this so that's why the market is not growing, and even if it grows, it grows for low end vehicles that we are not interested in. It happens what happened on the kick scooters business, everybody was happy about the kick scooters at the beginning. Everybody told me that we should be the best in kick scooters. The same for electric bicycles, you have to do it electric bicycles. We didn't do this. I'm happy that we didn't do this because the market is flat and they're selling just USD300 vehicles where you don't make any money. Even though we are continually investing in electric technology, the opportunity that we have from the Italian government to create an infrastructure in Italy for producing the electric engines, we took the opportunity because I think that would take longer time for the electric vehicles to come on the market than to satisfy the customers, but it will come, even because the new generation...

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Sebastien Lemonnier – Pascal Investment

If I may, my question on electric vehicle is mostly on the swappable battery scooter.

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Michele Colaninno - Chief Executive Officer

Yeah, but the swappable battery technology is a technology where we are now going into nicer procedure, so to have the same batteries for all the OEMs in the world, otherwise we would have many different batteries around the world. So, before going investing money in the swappable battery infrastructure, we have to clarify customers that they can have a legislation. And the swappable battery infrastructure cannot be developed by OEMs because it's not our business to create an infrastructure for electrical grids. And I see everywhere, in Europe, especially that majors are telling that they will do everything for the electric markets but they also have to beat with the money they have.

I repeat, it will take time and the market will grow, it will grow slowly, but if I consider to my customer, to our customers, to the new customers that are coming on the market, that are now 15 years old and they are digitally born customers, they will prefer electric vehicles, but the electric vehicles should not be a drama or a nightmare, you don't have to wait six hours to recharge. I agree with you, the swappable battery is a good solution. It's a perfect solution for small mobility, but we need infrastructures, otherwise you have a queue at the column that we have 10 customers and one battery, and that's not the way to sell the vehicles.

Commercial vehicles. Yeah, we are satisfied about the new vehicles that we will launch both in thermic, I'm speaking about the four-wheel vehicles, we will launch in September, the new thermic one with the new passive and active safety technology driven by the legislations and the electric vehicle will be launched in Europe beginning first quarter 2025. Again, it is a nice vehicle. I drove the vehicle, it's fantastic. I like it, I enjoyed it. But the customer, is he able to spend USD20,000 more for a vehicle compared to the thermic engine, and the customer in that case is a small entrepreneur. So, the price point is very important for businesses, especially for small businesses that are the customers that we refer to. So, once again we will

see, I think by the way, that with the next EU Commission coming, you know that in 2026 they have a window to review the legislations for emissions for all the automotive business, that is not including two-wheel vehicles, by the way, it's just four-wheel vehicles. And the porter is in the legislation. I think that they will enlarge the timeline between 2035 and 2040 or they will find some adjustments so to be in line with technology that can reduce CO2, not just electric, so they will introduce the technology neutrality we are asking for. I am not in Brussels, but I am not in the commission, but speaking with other companies and dealing with the commissioners from the two vehicles point of view with ACEM, I foresee that they have to do something because they are now realizing that the electric market will take more time. It's a question of time, and it's not a question of technology. Technology will not change, electric will come and it's a nice technology by the way, that's why we are investing in Italy on this kind of technology, we need to be owner of the powertrain, we need to be owner of the software side, we need not to rely too much or to depend too much from big suppliers. So that's what we will do together with the concept that we won with the government to enhance the technology side. It's not a question of buying a battery. We will never produce battery, by the way.

Investor Day, I don't know, we are now thinking about this opportunity. It's my task to increase the communication with you investors, and I will do, yeah, it's a pleasure. It's nothing against this. And I always ask Raffaele to organize meetings. So, very welcome if we can speak together.

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Sebastien Lemonnier – Pascal Investment

Thank you. We'll be happy to.

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Michele Colaninno - Chief Executive Officer

Thank you.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Okay, thank you very much. So, we can close now the conference call. Thank you, everyone, for attending today's meeting.

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Michele Colaninno - Chief Executive Officer

Thank you very much. See you next time.