

Piaggio Group

First Half of 2020 Financial Results

CORPORATE PARTICIPANTS

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MANAGEMENT DISCUSSION

Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yes. Hello. Hello, everybody. Thank you very much for taking your time today to follow this Conference Call on H1 2020 Financial Results. Today's conference call will be hosted by Mr. Roberto Colaninno, Piaggio Chairman and Chief Executive Officer; and by Mrs. Alessandra Simonotto, Piaggio Group Chief Financial Officer, and myself.

All available materials are available in the Investor Relation section of the Group – Piaggio Group website. At the end of the presentation, we will be available to answer the question you may have.

Before starting the call, as usual, 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.

Finally I remind also you that the press has been invited to participate in this conference call in a listen-only mode.

Now, I would like to hand over the conference call over to Mr. Roberto Colaninno.

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Roberto Colaninno-Chairman and Chief Executive Officer

Good afternoon to everybody. I want to give you a general view of Piaggio Group today. As usual, our zone is number one is EMEA. Number two is India. Then we had the southeast of Asia and the America.

Starting from EMEA. The situation in EMEA, is today a surprise because the order that we received from July and the order anticipation for August information about September are extraordinary good.

Just to make a close comparison from the third quarter EMEA sales compared to the third quarter of last year, we see that based in order already received in July and some that is, let's say, order booking for August and then September, we can say that our sales are growing up more than 20%, 25%, related to the same quarter of last year.

Let's say, Southeast Asia: let's start from Vietnam, Thailand, Indonesia and some other countries where we have a good situation, not as so much big as EMEA, but let's say, we have confirmation from Vietnam market and strong growth in Thailand and Indonesia and a good going in other country of ASEAN Federation.

The big surprise came from China, where we sell today a big number of Vespa every month, with a fantastic margin. I'm expecting an enormous grown in percentage. The absolute quantity is -- over 1,000 Vespa every month, Vespa imported from Vietnam.

Then we get the United States that is a little bit higher than last year, then they confirmed the big successful of Vespa and Aprilia motorcycles.

The big problem is India, where we have a situation that is very confused. I want to confirm that, primarily, our plant is open and is not involved in the lockdown strategy of the governments of New Delhi. But in India we don't have the same decision across the country. So we go that state by state, the situation in term of lockdown is different and can change in a short time. This means that our dealer in India today is open by 60%. And it's difficult to see what happens in the near future, because, number one, depends from the virus spread and then on decision of New Delhi about the lockdown. The best information that we have at the moment is that the area of Baramati remains open and probably the government will reduce the lockdown measures. But frankly speaking, it's nothing sure about that.

So outside of India, that anyway, I confirmed that the plant is open, and we produce every day what is confirmed by the order that we receive from India market, but also from a country where India makes its export, mainly to the Africa country and some countries of Middle East.

Even the supplier position of India market is not a problem for us, because our suppliers are in open areas.

Outside this, I think the reaction of Piaggio to the virus time, is very remarkable. On top of this is the cash flow that is going very well in the second quarter. And even in the third quarter, we believe that we can go up from the cash position.

From the supplier point of view, we don't have any problems. Even our inventories are down, and are down because primarily, we wanted to control the cash flow in order to allow us to be able to have positive cash by the end of the year.

By the end of the year, we can say that our forecast -- our best forecast for the end of the year, is that naturally, will not end as last year, but much, much better than the first and the second quarter. Naturally, all all depends from the virus flow, and what is the decision of the different governments regarding this question.

But we see, again, very positive momentum in EMEA, with volumes on the rise in all the countries in Europe, especially Germany, France, Spain, Holland, Austria and even Italy is going up and give us some surprise in of sales development.

In terms of products, we are completely in line with the new products. We confirmed the new Aprilia 660 that will be launched before the end of this year. We confirm new scooters. We confirm the new other models that we are in the process to develop during this year. Even the launch of the new Porter is in line with schedule, and we think its sales beginning on early January and February next year.

All the technical developments are in line with our plan. We don't see any problems, particular problem on the quality side, and we received a very good answer from good position from the customer and the market.

Having all this in mind, I expect that by the end of the year, pending the virus situation, the market will be in line with the market of the end of last year. So in some country better, especially in Germany, in France, in Holland and Italy too, we expect -- we hope that India will take different decision and make the lockdown more easy to manage. I'm expecting that Southeast Asia will confirm and sometimes grows up the demand, especially from Indonesia and Thailand. And surprise to me, this is confirmed for the rest of the year, the reaction of the Chinese market to the Vespa scooter.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Perfect. Thank you very much. Now I would like to hand over the call to Mrs. Alessandra Simonotto that will comment on the slide that we have published on the website. Alessandra, you can go on

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Alessandra Simonotto – Chief Financial Officer

Good afternoon to everybody. As usual, I start the call with Page 3 of the presentation you have received on key financial metrics. To explain better what happens in this months, we have focused the analysis, giving you a view on first and second quarter highlights.

As you can see, in terms of sales, our performance has been deeply hit in the second quarter by lockdown measures and production outages, partially mitigated by heightened cost containment action consistent with targets provided to all of you in Q1.

About cash and net debt. In Q2, we were able to revert back to positive the cash dynamics with working capital reaping the benefit of the strategic decision of increasing inventories of material and components in Q1.

Last but not least, in the second quarter, we have worked and secured additional undrawn committed credit lines of around EUR 90 million, lifting gross cash close to EUR 400 million.

On the following page, Page 4, we have summarized our industry's key demand trends.

About EMEA and the Americas, overall two-wheelers demand was still down year-to date, but encouraging signals clearly emerged with demand bouncing back strongly once lockdown had been lifted. European two-wheelers rebounded strongly after April bottom, posting strong sequential acceleration in most of the groups' core markets, across product and displacement segments, notably Germany and The Netherlands ended the semester with demand already on the rise versus prior year. And in any case, during the month of June, we have seen a growth against June 2019, more or less, of 30%.

About U.S. posted the classical V-shape trend, with volumes soaring at 30% in May- June, leading the overall demand above prior year.

About the Asia Pacific. Asia Pacific posted diverging trends, what just like Mr. Colaninno said before. ASEAN 5 countries negative demand trend accelerated across the semester, driven by the spread of lockdown measures.

Vietnam kept being the most resilient, also reflecting the lower impact of COVID-19, whereas Indonesia and the Philippines have been hit the most with demand plummeting above 30%.

In stark contrast, the trend of the other key reference countries, with scooters in China ending up mid-single digits in the semester, and Taiwan confirming robust double-digit growth.

About India, demand plunged across segment was hit hard by persistent lockdown measures.

Let's move to Page 5 to have an in-depth analysis of trends by business. As said before, performance strongly hit by COVID-19 effects, but strong positive uptake in Western Countries and APAC at the end of semester shed a positive light on the remaining part of the year.

About two-wheelers. EMEA and Americas volumes and revenues dragged down by lockdown, although the trend reversed strongly since mid-May, boding extremely well for the remaining part of the year. Germany was the outright best country, ending with volumes and revenues already above prior year.

About two-wheelers in Asia Pacific. We can see a resilient performance against widespread lockdown measures, mainly underpinned by surging and sequentially stronger results of China and South Korea.

About two-wheelers, India. Volumes and revenues plunged as stringent lockdown measures persisted.

About CV. CV EMEA and Americas seen a lockdown effect, partially mitigated by positive product mix effect. About CV India. We can see volumes and revenues, plummeted, dragged down by lingering lockdown measures exacerbated by drop in export markets.

Let's move now to Page 6 to look at the breakdown of the performance by product. As you can notice, COVID-19 has negatively affected all product segments. Prices held up well despite the adverse economic scenario. The scooters revenue decline mitigated by positive price effect.

In this scenario, the recovery trend in Western countries is quite important, confirming that demand for scooters was already underpinned by the need to shift from public transport to individual and affordable commuting solution to keep social distancing.

In this context, Medley has kept on posting double-digit revenue growth across the semester. This defined the success of the new version launched at the end of 2019.

About Vespa, I should like to underline the results on the Chinese market, where Vespa accelerated across the semester, leading volumes and revenues of around 70%, above prior year.

Looking at motorbike, where all brands hit by markets lockdown and production outages. I would like to highlight Moto Guzzi V85TT that was able to limit the degrowth in the second quarter.

Let's move now to Page 7 to have a look at the EBITDA bridge. EBITDA has been dragged down by the sharp drop of volume and revenues due to the lockdown and outage measures. But strong containment actions announced in Q4 started yielding results, more than offsetting gross margin dilutive effect and partially mitigated top line decline. Tight grip on SG&A will continue in the remaining part of the year, without affecting key projects.

I will skip now Page 8 that summarize the figure just discussed to move directly to Page 9 to have an in-depth analysis of cash flow, net debt and liquidity.

As we've seen on Page 3, cash flow posted positive dynamic across the semester with EUR 20 million uptick in Q2, mainly stemming from a strong improvement in working capital with inventories trending down consistently with the effective strategy adopted in Q1, and receivable lowering, benefiting from the boost of

two-wheelers sales in Western Countries between end of May and June, laying the foundation for stronger positive generation in the next quarters.

Capital expenditure remained broadly in line with last year, as focus on new projects to nurture future growth remained immune from COVID-19 effects. As a result of the trend just described, net debt decreased of EUR 20 million from Q1 to EUR 528.5 million.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Ok. Thank you We are ready now to answer the questions you may have. So go ahead

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QUESTION AND ANSWER SECTION

Emanuele Gallazzi – Equita SIM

I have a couple of questions. The first one is on the Indian market. You just discussed a little bit about the trends in this market. We saw a drop in volumes due to the lockdown, and the recovery seems to be slow even due to the very challenging environment. But can you give us an idea of the current situation and the trend in July? Because it seems that there is another slowdown in the market, both for commercial vehicles and two-wheelers.

And on the price/mix in India, in the first half, the price hikes were confirmed. I was wondering, if given the situation of the market, do you expect some pressure on the second half?

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And still on the price/mix, if you can give us your expectation about the price/mix in Europe in the second part of the year

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Emanuele, Raffaele speaking. Okay. So as the CEO said before, in July, in India, the situation is difficult.

So you can imagine to have decline in volumes for two-wheelers and light commercial vehicles. The month-on-month trend stabilized probably. So the decline should be in line with the decline of June.

Concerning the price gap that we have seen in the first half of the year. Yes. From that price, we remained the same or even higher in the second part. You know that the price hike is linked in India just to the introduction of Bharat VI engine.

Going forward, for Europe, the price -- the average selling price in the second half, if I have well understood your question, will be more or less in -- or the price will remain more or less the same that we had in the first part of the year. So if you look well at the slide, you will see that there has been a slight increase in prices in Europe in H1. We keep the absolute level also in H2. As the CEO said, we are expecting on the contrary a strong positive volume trend above all in Q3 in EMEA.

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Emanuele Gallazzi – Equita SIM

Just a very quick follow up on capitalized R&D. If you can quantify it in the second quarter

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yes. Yes. So yes. You -- okay. I'll give you the number now. Yes. Capitalized R&D has been pretty much in line with last year. In the second quarter, you mean. And -- yes. So you have essentially EUR 11 million of capitalized R&D in the second quarter. Sorry sorry. EUR 8 million for capitalized R&D. Yes EUR 8 million compared to EUR 9 million in the first quarter. So the difference is negligible.

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Monica Bosio – Banca Intesa San Paolo

My first question is just to check to be sure that I have understood well. Did you say that in the third quarter of the year, European revenues or European orders of Piaggio are up by 20%, 25% versus the third quarter of 2019? Just in relation with this, can you give us any indication on the scooter and two-wheel market in Europe for July as a market? And what do you expect for the second half of the year?

My second question is on China. I remember that during the last conference call, Mr. Colaninno has indicated, maybe I'm wrong, a target for China of Vespa of 10,000 units. Is it still valid? Did I understand well?

The very last question is on the tax rate. In the first half of the year, the tax rate was 40%. I remember that the previous guidance was 42.5%. Do you confirm this?

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Roberto Colaninno-Chairman and Chief Executive Officer

Okay. I can confirm you about order and what we expecte, order that we have already received for the month of July and the order that partially received for the month of August and what we predicted to receive on the month of September.

And I confirm to you that base on the order received in July, and the predicted order for August, we expecte that July, August and September for the EMEA market will be up by 20%, 25% on the number of last year.

Now on sales, it all depends for the mix of products. Then I cannot confirm that even the sales will be -- go up by 20%, 25%, because this is not dependent primarily for the mix of products that we receive. Anyway, until now, the mix is in line with the mix that usually we have for this period of the year.

Number 2, in China. I confirm that the sales in China from Vespa is more than what we give you, - what I anticipate you in February or March on the last March, I believe. There, we expected that the sales in China will be on the -- this year, on 2020, much higher than the sales of '19. Number two, you asked something about India?

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Monica Bosio – Banca Intesa San Paolo

It was tax rate, if I remember well?

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Alessandra Simonotto – Chief Financial Officer

Okay. About the tax rate, I can confirm to all of you that the tax rate for 2020 will be 40% as of now, and we don't see any change in the third or fourth quarter. And this is what we apply in the third quarter and also at the end of the year, unless something will change from a low point of view.

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Monica Bosio – Banca Intesa San Paolo

Ok thank you

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Monica, if I remember well you asked also something concerning the market trend in Europe?

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Monica Bosio – Banca Intesa San Paolo

Yes. The market. Yes.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yes. So these are market data, not our data. First of all, keep in mind that last year, the market in July in Europe grew around 16%. And you know that July is the most important month of the year with an average weight of 13%, 14% on total demand.

So this is the background. A very tough comparison base. Notwithstanding that, according to our first data, the market with the first three weeks of July is going up in the main countries in Europe, around 30%, between 25% and 30%. So this is the trend.

You have some countries around 15%, other countries close to 50%. The icing on the cake is the fact that we are gaining market share across the board. In some cases, such as Italy, significantly. Okay. So in this way, I think I gave you a 360 degrees picture of what's happening in Europe.

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Monica Bosio – Banca Intesa San Paolo

Yes. Thank you very much, very clear

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Niccolo Storer – Kepler Cheuvreux

I have three questions. The first one on your gross profit. If you can elaborate on the 200 basis point year-on-year drop in the half, which are the drivers behind that?

Second one on cost between gross profit and EBITDA. I see that basically in the second quarter you managed to reduce these costs by around EUR 20 million, EUR 21 million to be precised. So I was wondering where these savings are coming from? And which portion of that could be, in a way, repeatable in the third or in the fourth quarter?

Very last question, a clarification on India. Did I understand well Raffaele, you said that July is down in line with June? Is it right?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yes. For India, yes. More or less, the decline will be in line with June. More or less, yes. I can confirm that. So in the region almost 45% maybe. Maybe I'll just wait for SIAM figures at the beginning of August.

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Alessandra Simonotto – Chief Financial Officer

Okay. Mr. Storer, about the difference in the gross margin. As you can understand, the lockdown caused, for the most part, on the standard and gross margin cost. So the gross margin slowdown for, more or less, what you can see in the slide for this – for this. This is only a COVID-19 effect, not completely covered by saving also on that kind of our P&L.

About OpEx and the cost reduction we were able to put in place in the second quarter. I can say to all of you that we are working to maintain a consistent saving on the cash OpEx, but we can't assure that we will be able to do the same effort also in the third and the fourth quarter as part of this expenses are related on sales. So if some sales growth, also some part of this cost growth. In any case, we are working --all the company, all the group is working to maintain, as lower as possible, all the cash OpEx for the year.

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Niccolo Storer – Kepler Cheuvreux

Can you disclose how much savings were related to Cassa Integrazione

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

A good part. But we can't give you the right number now, okay?

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Renato Gargiulo – Fidentiis

My first question is on commercial vehicles in Europe. Has COVID-19 caused some delays in your agreement with Foton? Or is everything proceeding as originally expected? So with that, can you give us an update on that?

Second question on CapEx. If you have any guidance for the full year. If we can assume a similar trend in the second part.

Then, my third question, still on China, mostly a qualitative question. If you -- what are, in your view, the factors behind the strong acceleration for Vespa sales locally? And what is the potential of the market in your view going forward?

Very last question on - - you were -- if I remember, you were talking about a new electric model to be launched next year. If you can give us any update on that too.

Roberto Colaninno-Chairman and Chief Executive Officer

I started with China because it's very interested -- very important results. Well we have developed, we started two years ago, a big strategy are to reinforce the name of Vespa as a very top product. And naturally, that our strategy, begin to give the results of this goal to get the value of the Vespa name higher than the competitor. Based on this strategy, we are primarily surprised about the positive results in China market. Number one, because, as you know, China is a huge market, naturally, but very open to the low-priced products. Instead, for Vespa, we find that it's a big market that look very much at the a top level products.

We see that or our sales organization look at Vespa as a product that can meet the expectation of young people that wanted to have a better position in the road using the Vespa name. This gives us the good fantastic results in terms of margin, that is unpredictable and is very high. And even in the number that we have, related to the number last year, are the double in China for Vespa.

Now it's difficult to say how big the market of Vespa in China. I don't able to respond on that because also this depends from the sales organization, the point of sales. And generally speaking, how much Vespa will be know.

But just to give you something that is very, very interested. We have participated in film that will be presented to the public, I believe by the end of early next year, that reproduced exactly the famous film of Vespa, Vacanze Romane. And I believe that with this, we improvove the name of Vespa in Chinese market.

This depends on all this strategy, advertising and promotion, I'm sure that the results from China will be extremely good and will be a surprised to everybody

Yes. In terms of Foton, in term of a new partner, okay, I confirm you that we expected that we have the first sales of the new partner on beginning next, in '21, let's say, about February and March.

The project is in line with our timetable. We don't have a quality problem. We don't have supplier problem. We are working to change the line to introduce the new production line in Pontevedra just to assemble the products, and we expected that even this progress will be a big surprise for the light commercial vehicle in Europe.

Okay. Given the electrical, the 50cc -that project is on time. It is expected to be able to have the presentation to the market in the first half of next year.

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Alessandra Simonotto – Chief Financial Officer

About the CapEx. I can confirm, just like we have written in our slides, that we are in line with -- more or less with prior year in June, and the guidance would be the same also for the end of the year.

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François Robillard – Intermonte

Most of my questions have been answered already. If you can just give us some more granularity on the SG&A cost reduction, where it came from? That would be nice. As well on your view on commercial vehicle demand in Europe prior to the Foton. So looking at H2, what kind of trends do you see in the European EMEA light commercial vehicle market? Is there some recovery going on, here given the stronger exposure to the economics?

Then looking at the dividend. You postponed your decision in late September. Basically, what should happen, in your view, for you not to deliver this interim dividend, given the strong trends in the European market?

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Alessandra Simonotto – Chief Financial Officer

Okay. About the cash and OpEx savings, more or less, there is no specific area in which we have saved more money than in the other. We have put in place a lot of efforts to reduce cash OpEx, and there is no specific area.

So all the OpEx has been lower than the first quarter. What we are working on is to maintain it for the rest of the year. So I can't give you a specific area in which we have lowered the cash OpEx, okay?

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Roberto Colaninno-Chairman and Chief Executive Officer

About the commercial backlog. As you know that we have to manage the phaseout of the Porter that is actually produced, and the launch of the new partner next year.

Our goal is not to arrive to the end of the year with the actual Porter in the dealers' stock because our -- we are not allowed to sell next year what is produced now. The second is to be in time exactly with this type of bridge for the new Poter. So we will manage the production order and the forecast of sales and the new Porter in line with this goal.

About the dividends, based on the trend of the quarter, the second quarter, we prefer to await the third quarter to confirm, number one, the availability of the dividends and to take into account the positive view of the third quarter.

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François Robillard – Intermonte

Just a quick follow-up. Do you have a number target for the commercial vehicle in the second half in Europe for the market, I mean.

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Roberto Colaninno-Chairman and Chief Executive Officer

The second quarter, we expected that for the second half, the sales of the Porter will be in line with our budget

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Ash Heatwole– Schekman Capital

Most of my questions have actually been answered. So I just have one follow-up, really.

You mentioned the demand for volumes for the month of July, in particular for the European scooter market, could you just provide some commentary as to what's driving this demand growth?

Is this more so a normalization of inventories at a dealer level? Or is there actual real right end market demand for scooters in the European market? I was just surprised to see that you've seen such positive developments in the month of July.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yes. Raffaele speaking. No. This is real demand. So we were commenting on the strong market demand. So this is the demand of clients.

On the contrary. I'm glad to say that the inventories at our dealers, what we call dealer stock, is at the lowest, level A probably. Check the numbers. So probably, we have the lowest stock over the last six, seven years.

So essentially, this is a strong demand coming from two different trends. One trend is the long-lasting trend, is what we call replacement cycle. That's the reason why the market grew last year -- grew this year before lockdown, and start growing again.

So you have the demand of two wheelers that didn't change in Europe during the last few years, but the stock of two-wheeler is extremely old, so people start replacing old two-wheelers.

Additionally, we have another trend now that is coming from COVID-19, if you want, because safety became the paramount for all commuters. So probably a lot of people are searching for an individual, I mean a transportation and to commute in a safe way. So this is an additional trend. This second trend can drive another trend because we are seeing some new clients going to our dealer or to our point of sales.

So maybe we will enlarge even the number of people using two-wheeler. So these are the trends behind this strong demand that we have seen in May, June, and we are seeing also in July.

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Ash Heatwole– Schekman Capital

That's very helpful, particularly the need for customer mobility, just given the result of COVID-19. That's very helpful. Thank you

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Gabriele Gambarova – Banca Akros

Just one question, again on the month of July. Do you have an idea of how registration sales behaved in the Asia Pacific region? Because we covered Europe, we covered India, so I was guessing how things are doing in Asia Pac already in July, if you have any idea?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

In terms of demand, we know that there are some improving trends, also because of some lockdown measures have been lifted. Just to give an example in Indonesia, and there has been a complete lockdown till, I will

say, the beginning of June. And now the trend is improving. We saw a strong improvement in Taiwan, also in Malaysia, In Thailand. So the trend is improving also there in term of market demand. All depends on lockdowns. There are lockdowns? Yes or no? That's it. Then as soon as lockdown measure have been lifted, we see that demand is going up. Okay?

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Gabriele Gambarova – Banca Akros

Yes. Yes. Just a follow-up. But -- do you think -- I mean do you see, in terms of growth or something similar to what you see -- what you're seeing in Europe, double-digit growth?

Or I mean where -- in the countries where the lockdown was lifted, do you see a similar path of very strong recovery or just normal, let's say, recovery?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Very -- it's more difficult to collect data there. So we don't have this data so updated - upto- date as in Europe. No. We had to wait a little bit and then you have different countries, with different behaviors, and different characteristics. So the situation is more patchy, if you want. So -- and then in this case, our market position, in some cases, we have, I don't know, 1% of market share. So the trend is different for us compared to Europe, where we are market leader, okay?

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Saul Rubin – Wellington

Can I ask about electric scooters, especially in Europe and potentially in Southeast Asia? There's a very low level of sales today, but it seems that the demand is growing quite quickly. I know you have an electric Vespa coming out or out already.

But do you feel that the circumstances have changed? That you need to speed up development of your electric range? And do you think that you're moving fast enough in that area?

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Roberto Colaninno-Chairman and Chief Executive Officer

Okay. The question on the electric market, generally speaking, is difficult. For what concern, the electrical scooter in Europe, our experience is that the price is the drive of the decision to buy an electric scooter or not.

For what our experience is that quality of the electrical products depends from how long the battery can work and how long is the time to recharge the battery.

The second is that how is the extension of the infrastructure to charge the scooter.

For what we have decided to do is for a scooter of 50cc, and very practical at a good price, very competitive price to the actual electrical scooter going around Europe.

Pending the decision at legislative level, the 50 scooters on the thermic engine will be phased out this year. We expected that electrical scooter 50cc at competitive price, with a good performance on engine could be a very successful product for Europe. And for this, we believe that our products that we expected, as I said before, to launch in the market in the middle of next year, will be reinforce this our thinking about how the market will receive these products.

If you look at the design of the products, if you look at the capacity of the power -- of the engine in terms of power, I believe that this can replace easily the actual 50cc thermic engine.

And for this condition, to have the same one and to have a good performance, as I say, on the battery condition -- battery timing, I strongly believe that will be successful products.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Okay. So, I don't see other questions. So I think that we can close the call now. And thank you very much for attending this conference call. As usual, if you need further information you can call me later on .