

# Piaggio Group

## Full Year 2019 Financial Results

### CORPORATE PARTICIPANTS

ROBERTO COLANINNO – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

ALESSANDRA SIMONOTTO – CHIEF FINANCIAL OFFICER

RAFFAELE LUPOTTO – EXECUTIVE VICE PRESIDENT, HEAD OF INVESTOR RELATIONS

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### MANAGEMENT DISCUSSION

#### **Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Hello, thank you very much for taking your time to follow this conference call on Piaggio FY 2019 Financial Result. Today's Conference Call will be held by Mr. Roberto Colaninno, Piaggio Chairman and Chief Executive Officer and by Mrs. Alessandra Simonotto, Piaggio Group's Chief Financial Officer and myself. All the relevant materials are available in the investor section of Piaggio Group website and after the presentation, as we said before, we will be ready to answer the question you may have. 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 event. By their nature forward looking statement are subject to risks. Uncertainties and other factor that can cause actual results to be materially different. Finally, I remind you that the press has been invited to participate in this conference call in a listen-only mode.

Now, I would like to turn the Conference Call to our Chairman and Chief Executive Officer Mr. Roberto Colaninno.

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#### **Roberto Colaninno-Chairman and Chief Executive Officer**

Good afternoon everybody first of all I would like to start the call giving our view on the next months and at the same time a glimpse on how we manage our production activity. In Piaggio Group we adopt a Production Plan System used to forecast our production needs for the following four months.

Namely:

-for Two Wheelers the plan is deployed for three areas: Emea & Americas, India, Asia Pacific & China,

-for Light Commercial Vehicles the plan is deployed for two areas: Emea, India and the country where India sales its exports.

Having all that in mind, today we have a clear view on our supply needs for the next four months and I'm glad to say that we don't see any material negative effect on our production and sales till the end of April, and May.

According to the information we had at the beginning of this week 100% of our Chinese suppliers had already reopened the facilities, all confirming their delivery time. Similarly, all the Italian suppliers aren't experiencing

any production issue; also the very few suppliers which are headquartered in the focus area of the virus outbreak near Lodi in Lombardy and in Veneto. In fact, they have enough inventories to meet our needs and components for several months and they operate also with facilities located in other Italian regions.

On top of our Production Plan we have worked to speed up the procurement process, especially from Asia and Sud-East Asia. We have put in place a plan to replace maritime shipping with train shipping or, just if needed, to air shipping.

If we look at our next product launches, I can confirm that we don't see any issue at this moment both for Light Commercial Vehicles and Two Wheelers.

Vehicles developed together with Foton are still expected to be launched at the end of 2020 as stated in prior conference calls. Similarly, we don't foresee any delay in the launch of new Motorbikes and Scooters. At this regard I'm glad to announce now that the new Aprilia SXR recently presented in India has received an extremely positive welcome from the market, so strong that we have already received requests to open around 80 dealer's shops, on top the ones we have, to sell this new vehicle, starting from September 2020.

If we look at demand trends and our sales by geographic areas the first two months have been very positive. We expect the positive trend to be confirmed for the whole First Quarter 2020.

In Europe market demand is very strong and we have already received orders of Two Wheelers to meet our first quarter Budget target that is above 2019 level.

Same positive trend for Two Wheeler Asia where we expect volume and revenues on the rise versus the first quarter of 2019.

In India we are successfully facing the passage from Bharat IV to Bharat VI, that correspond with Euro 4 to Euro 5. Recently we have also successfully launched the Ape E-City and as said before presented the new Aprilia SXR. Despite that, the overall volumes both for Light Commercial Vehicles and Two Wheelers, in India, will be lower than the first quarter 2019, affected by the expected demand weakness ahead of the introduction of Bharat VI. But this is no news, because this trend is widely expected by local producer and the financial market.

To sum up we expect to end up the First Quarter 2020 with results in line with the same period of 2019 that had been already the best first quarter on the record.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Thank you,

Now hand over the call to Mrs Alessandra Simonotto and we can see the slide that we can find on the website.

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**Alessandra Simonotto – Chief Financial Officer**

Thank you Raffaele,

Good afternoon everybody,

in order to make our call focused, I will concentrate only few important points.

I'm glad to start the call with some slides that summarize the great strides made by the company in the last years in the path towards the improvement of operational and financial performance.

If you take look to page 4. You can see 2019 was another extraordinary year, despite the persistent weakness in India, which represents one of Piaggio key markets.

You can see the key point underscored in the slide is Cash Generation, which is our top priority. We have been able to generate 73€m of Free Cash Flow, the best result to date, despite the significant step up in Capital Expenditures. Strong cash generation pushed down the ratio Net Debt on Ebitda to 1.9x, another step in the long-lasting path towards company's de-leveraging.

This outstanding performance stemmed from the strong improvement of all key operating metrics:

- Net sales went up 9.5%, the highest growth rate to date, with all geographies positively contributing
- Operating Margins rose significantly, notably with the EBITDA reaching the best absolute result and % margin to date
- EPS grew 29.8 %, the best performance of the last 11 years

On page 5 you have a picture of the medium-term dynamic. Since 2013, when the European 2 wheeler market demand reached the trough, the Group steadily improved all key financial metrics, thus proving the ability to curb the cost base whilst retaining the ability to grow enhancing mix and increasing efficiency. Noteworthy in 2019 we added another milestone to our journey of solid and profitable growth with European Scooter demand still 50% below 2007 level; this give you a sense of the magnitude of the result uplift achievable with improved demand driven by the replacement cycle.

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Additionally, as you can see on page 6, these strong results have been achieved leveraging some key brands, all delivering outstanding results. Notably Vespa and Moto Guzzi achieved the best results since IPO.

Let's move to page 7 on which we summarize our industry's key demand trends. In a nutshell: Europe demand posted healthy growth, suggesting that the long-awaited replacement cycle is well underway, while Asia growth lost steam across the year and Indian demand kept declining dragged down by multiple external shocks coupled with the first negative effects linked to the introduction of Bharat VI engines.

Let's move now to page 8 to have an in-depth analysis of trends by business. As said before revenues grew at the fastest pace to date, 9.5% or 7.7% at constant currency. This performance stemmed from synchronized growth in all Cash Generating Units and in all businesses. Looking at the gap between volumes and revenues trend, you can notice that a key driver of growth has been the strong positive price/mix effect in all geographic areas and all business segments. This effect has been driven by our strict pricing policy coupled with our ability to pass through costs with selected price increases leveraging the strong appeal of our brands.

Looking more closely at the performance by geographic area: India revenues grew despite the negative volume trend, also benefitting from a positive demand upswing in the latter part of the year. Asia Pacific confirmed strong momentum across the year, posting strong growth both in volumes and revenues. Growth keep on drawing strength from the outstanding performance of Indonesia, Thailand and China, all with revenues surging more than 40%. I would like to spend more time commenting on the positive performance in 2 Wheelers EMEA & Americas.

As highlighted in last conference call, in Europe our retail sales grew broadly in line with market demand trend, while the slower trend of our sell-in volumes showed on the slide was driven by actions aiming at curbing dealer's stock. Despite that, revenues in the area grew around 8% behind the positive contribution of all major countries and strong positive mix effect. Lastly EMEA and Americas Light Commercial Vehicles kept on posting sound results with synchronized growth of European and exports sales.

Let's move now to page 9 to look at the breakdown of the performance by product. As said before revenue growth stemmed from all product segments. As highlighted before both Bikes and Scooters revenue growth had been boosted by strong brands. Bikes outstanding performance has been mainly driven by Moto Guzzi, which revenues surged by 79%. Aprilia bikes posted good performance too, ending the year with volume and revenues on the rise. Scooters kept on benefitting from the healthy performance of Vespa and MP3, as we saw before in the presentation.

Let's move now to page 10 to have a look at the EBITDA bridge. As said before EBITDA grew by 13%, reaching 228 €m, and margin on sales at 15.0%, both representing an all-time peak.

This outstanding result was driven by healthy Gross Margin performance: in fact, excluding the currency effect the % gross margin would have been 30.3%, broadly in line with last year. Notably as you can see in the chart the strong improvement of net sales had largely offset the negligible negative mix effect. Cash Operating Expenses ended up versus prior year, reflecting heightened effort to support new initiatives, heightened marketing expenses and upfront costs for new product development.

Moving to slide 11 we can see that Net Result ex IFRS 16 surged 30% reaching 47 €m, despite higher D&A which have been inflated by the write down of some assets.

I will skip now page 12 that summarizes the figures that we have just discussed to move directly to page 13 to have an in-depth analysis of Cash and Net Debt. In my opinion this is the most significant slide, since it testifies our ability to reduce debt whilst returning value to shareholders through dividends and buy backs.

In detail:

- Operating Cash flow grew versus last year primarily on the back of higher EBITDA;
- Working Capital cash generation reached an all-time peak, mainly driven by lower inventories, positive contribution of 9€ m rolling, higher contribution of payables, positive contribution of 45 €m rolling, while we have been reduce receivables despite higher revenues, positive contribution 9€m rolling, while keeping factoring broadly in line with prior year.
- Capital Expenditure was significantly higher than last year, 26€m, driven by heightened focus on new product launches and need to develop new engines to fulfill new emission standard both in India and in Europe.
- lastly, Change in Equity was higher than last year, mainly reflecting higher dividend paid.

As a result, we produced 73€m of Free Cash Flow which pushed down Adjusted Net Debt ex IFRS 16 at 409€m.

On page 14 you have a picture of the CapEx evolution since the company has been listed.

You can notice that there have been two spikes in Capex driven by opposite purposes; the former driven by the need to open up new plants in Asia to fuel local growth, the latter linked to the strong push on the introduction of brand new products, technologies and engines, also to comply with the new framework of regulation standards.

Thank you.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Ok. So, now we are ready to answer the questions you may have. So, we are waiting for your questions. Thank you.

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**QUESTION AND ANSWER SECTION**

**Monica Bosio – Banca IMI**

Good afternoon everyone, thank for taking my questions. The first one is ... first of all thanks for the highlights on the fourth quarter. Looking the entire 2020, can you just help us to figure out the volume trend by regions and the pricing impact by region? Because in 2019 volumes in EMEA grew by just 2 per cent, because of the destocking; now the destocking is over would like to what do you expect for Europe in 2020 and also in the other area. Also in term of the price effect. The second question is on India. If you think the government will launch scrappage incentives plan for the scooter can you give us just from your feeling, and what do you expect from this? And the very last question is on Vespa. If you can you just give us the volumes of Vespa and how much is Vespa in Europe? Thank you very much.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes Monica, Raffaele answering. So, I will start from the very end. So Vespa's sold last year across the world were above 200,000 units, with total revenues that were quite important in the region, in the region go 400 – 450€m. Going to the Indian government vehicle scrappage incentives. So what we know is that this scrappage policy is in the final stages and we are waiting for the final clearance of the Union Cabinet as stated recently by the Financial minister. According to this news, it is that for commercial vehicles older than 15 years will eligible for scrapping. That means that if you give back an old vehicle you will receive a sort of discounts or lower fess when you purchase a new one. This is what we can see on the press, we are still waiting the final decision. If this will be decided, if the scrappage incentives will be developed as expected clearly that will help the market and above all the market starting from April when the introduction of BS VI vehicles will be compulsory. So, maybe it will revert the negative market trend that we are seeing now. The final decision should be taken very, very soon. So this is what we know.

Then, in term of trend, our CEO gave you an in depth analysis of the trend by geographic area for Q1 and even more because as we said we have enough capacity to serve our market until the end April and also May. So this is what we can say in term of the trend by geographic areas. The only think that we can add, I don't know if I had well understood your question, going back to Europe as said by the CEO the two-wheeler market started in an amazing way in Europe, not just in January, also February. So across Europe, the market went up around 15% or even more in January. The trend is confirmed so far in February, with all European countries having a positive market trend, namely in over 50cc scooters and motorbikes. And some countries, above all, are very strong also in February, such as France, Italy and Spain, in some cases also topping 20%, 25% growth. So which is the situation and what we think about the European market and the replacement cycle that

should be the real driver of growth going forward. Then, sorry, I missed one question, I don't remember, which is the other question?

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**Monica Bosio – Banca IMI**

Yes. Basically, the price effect. And I know that market in Europe is -- have started very well. I was just wondering what you expect for your volumes, because the destocking process is over, and now you should perform in line with the market.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

We can't give a guidance in terms of volume. So you know what we see Europe on top of this replacement cycle, the long lasting replacement cycle is the fact that we are just one year ahead of the introduction of the Euro 5 engine vehicles. So probably with this year, the market, we'll see at the end of the year, the classical pre-buying demand upswing, and this is what we can see.

Normally, in these years or if you go back in 2017, 2018, the previous price effect is not very high. So it's more volume, less the price. The only thing I can add for other region is, in India, you can see just looking at website, all the producers increasing price -- are increasing prices significantly just to cope with the cost increase with Bharat VI vehicles. But again, you can see the level of price increase just looking on the different website of different producers.

And then hold on one second. Yes, and then as said by the CEO, clearly in Asia, we are foreseeing our Q1 trend positive. And we have good expectation for full year -- on a full year basis. So the trend is good. Keep in mind that both in India and in Asia, we are delivering well, and we are also enlarging our dealer network.

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**Roberto Colaninno-Chairman and Chief Executive Officer**

Regarding Asian market, what is very positive is the trend of Thailand market, and the Indonesian market and China market despite the market in China is small in term of quantity of scooters. But the price is very good and we are very profitable in this area. So the news that we have from Asia in that -- on a total market, including India for 2020 is very positive.

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**Monica Bosio – Banca IMI**

Ok thank you very much

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**Francois Robillard – Intermonte**

Hi, good afternoon everybody. Thank you for taking my question. So the first one is on the tax rate. You had the recent news flow on the new finance law in India scrapping basically another corporate tax rate for foreign companies. How does it affect your view for tax rate guidance for 2020 onwards? Then another

question is on the CapEx spike, I recall that guidance for CapEx for 2019 was EUR130 million, EUR135 million and it came in at EUR141 million. Can you explain us why such a spike in the fourth quarter? And then finally, on European volumes, the end of 2020 will also be the end of the Euro 4 model? Do you expect sort of spike in sales by year-end as it was the case in 2016 for your Euro 3 models. And do you expect to benefit from that? Thank you.

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**Alessandra Simonotto – Chief Financial Officer**

First of all, the tax rate in India. We believe that clearly, the impact is positive and will be positive in 2020. We are working to reduce the tax rate in 2020, even if it is too early in this moment to give you a specific target. So you have seen that we have met the target I talked before in the conference call in October. So we talk about 42%, and this is what we have reached at the end of 2019. We've been working on the same - on this target for 2020, but it's too early to say something about the specific target for the year.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes. And as far as the European market is concerned, if I remember what your question, clearly yes, in terms of retail market, so sell out probably at the end of this year, 2020, there will be a spike of volumes because people will tend to buy old Euro 4 vehicles. Yes, so there is also here with me, the Head of the European sales that he is confirming that. So it is a trend that we expect.

And on CapEx, the spike is just linked to the introduction of new engines and new vehicles, essentially, what you can call or normally in the financial community, we call maintenance CapEx is very low -- has been very low. So I remind you that, we have introduced and we are introducing brand new engine in India, brand-new engine already this year in Europe. Several new scooter and motorbikes in Europe, in India. So a lot of the product, and we are enlarging and strengthening our product lineup. And then keep in mind that also, we are working strongly in India because we introduced a full range of new Bharat VI vehicles. New vehicle will come into the market with different engine maybe. And also, we are in the final step or final stage of the development of the new 4-wheeler vehicle with Foton company in China. And so, there is the last step of CapEx and then you will see the outcome at the end of 2020.

So that's the real reason behind the spike in capital expenditure. So need to comply with new regulation standards and a deliberate strategy to reinforce and strengthening the product lineup. I don't know it's clear or not.

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**Francois Robillard – Intermonte**

Just a follow-up. So for Euro 4 sale, it's clear that you expect something on sell-out. But on sell-in, I didn't get if you expect a net positive impact for you on sell-in. And on CapEx, what are your expectations will be for also in '20?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes. Also for sell-in, as we said, and as you have said, already Q1 start in a very good way. We are in a very volatile year. Clearly, not taking into account or thinking that this Coronavirus affect will last not so long. Clearly, the trend of the market should be positive, our sell-in data should be positive, clearly. So you will have maybe mid-single digit or even more growth in term of sell-in this year in Europe.

CapEx in 2020, we don't give a clear guidance. We just show you that in the slide that probably the level of CapEx will remain, in absolute terms, high, in relative terms compared to revenues, lower than maybe this year. So this is the only thing that we can say right now. Thank you.

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**Renato Gargiulo – Fidentiis**

Yes, good afternoon. Well, my first question is on India. I was wondering if you can provide us any indication about your expected price impact this year? Also given the shift to the new Bharat VI engines. Second question is on Europe. If you can just remind us or give any update about your current utilization rate or your production capacity in Europe, given your projections on volumes for this year. And last one, a quick one, just on Vespa Elettrica, if you can give us any update about our -- how things are going? Thank you.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

So starting with the last question, on Vespa Elettrica, yes, we launched the Vespa Elettrica at the end of 2018. We had a medium-term target of around 3,000 units and it is exactly the target that we achieved. So also there has been a good answer for the new Vespa Elettrica that can reach 70 kilometers per hour. So we launched the product just in November, and sold probably more than 500 units. So we are satisfied.

And going back to production capacity. We don't disclose the capacity that we have in Europe. Imagine that we have enough capacity to follow the market for several years. Again, this was also the sense of the slide that I've added at the end of the presentation. In terms of capital expenditure for plants, everything has been done. So we have enough capacity in Europe, in Asia and in India to follow the medium-term market trend or market dynamic. Then there was the other question on -- sorry?

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**Renato Gargiulo – Fidentiis**

On Indian pricing...

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Pricing in India. So as I was saying before, if you look on the -- there are specific website, you see that everybody in two-wheeler sector is increasing prices between 15% and 25% in some cases. So they are on website. And similar thing in -- for the commercial vehicles, it depends on the kind of engine, price increase will be higher, as we've seen for some competitors, for diesel engine and less for petrol engine. But consider, a rule of thumb in between 10% and 25%. I know that the range is a wide range, but consider it as



a rule of thumb. So these are price increase that you can find on website, okay. And then you can guess what we are doing in the future.

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**Renato Gargiulo – Fidentiis**

Okay. Thank you. If I just a very, very quick follow-up on the quarter, on the last quarter of the year, I see around EUR2 million of write-downs. Can you give us an indication about what's inside?

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**Alessandra Simonotto– Chief Financial Officer**

More or less, it's something normal in our lives. As you know, we have to define if something is to scrapping. And this is what we have done this year.

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**Emanuele Gallazzi – Equita**

Yes, good afternoon. Can you hear me?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes, we can hear you

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**Emanuele Gallazzi – Equita**

Good afternoon everybody. I have a couple of questions. Well, the first one is on the EBITDA. If you can share with us your expectation for 2020? And the second one is on the project with Foton. You confirmed the timetable, but I was wondering if you could give us an update about this project and your expectations, let's say, for 2020 and maybe 2021?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

As for EBITDA, unfortunately, this is a particular year so we don't give a guidance in terms of EBITDA, I'm sorry, for that. So we gave you the idea of the trend, what we have achieved in Q1, which are sort of expanded trends by geographical, but we don't give a guidance as far as now for the full year. It is also normal because normally we don't give a guidance in February, we wait at least Q1 to give a specific guidance in terms of EBITDA.

As far as Foton, yes, we answered before, everything is on track. We are not experiencing any problem there. In the past, as CEO said in prior conference call, we said that we aim at launching the new product at the end of 2020. And so far, this is what we can confirm. So there are no news or good news, if you want for Foton.

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**Massimo Vecchio – UBI Banca**

Good afternoon everybody. My first question is on the net working capital. You had a very strong performance in 2019, strong cash generation despite revenues going up. You're ending the year with very low inventories. I was wondering if you can help us understand what should happen in 2020 and some drivers on how we can model this item?

Second question is on the new model launches, you mentioned that several times during the conference call. I was wondering if you can give us the top two or three model that you will launch this year and also the timing of these launches? Thanks.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes. Yes, so in term of product launches, clearly, the bright spot this year will be the launch of the Aprilia 660 that we showed so during the last motor show in Milan in November. So we can't wait to launch the product. Then we have just launched, as you know, the new brand-new Medley. We will be launching, there are some "model year" vehicles. And then in India, as I was mentioning before, and the CEO was mentioning before, we just presented the new Aprilia SXR and the market answered very, very well. So as we said, there are people ready to open up to 80 point of sales just to be ready to sell this new vehicle in India. In India too, we have just launched the Ape E-City electric, with swappable batteries. Maybe we will be launching something again, electric in that field in India during the year or across the year. On top of that, some other vehicles, with different engine in India for 2-wheeler.

And then as you -- I was mentioning before, the new Porter that we have been developing together with Foton. So it is for...

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**Massimo Vecchio – UBI Banca**

The Aprilia 660, can you -- the timing is right now I guess, if I understand correctly?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes. Probably, yes, it will be the September -- probably will be available for customers. You can try it maybe in May when there is a big gathering in Mugello, but then maybe you have to wait until September to buy the vehicle in the -- in our dealer network, yes. So -- and then, that's it. Massimo, probably you asked something else? No.

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**Massimo Vecchio – UBI Banca**

The net working capital, if you can help us...

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Do you know how working capital works, so it's always a delta versus prior year. We reached the best cash generation with the working capital in 2019. It's impossible to reach the same level in 2020, I will say. Clearly, probably, we aim at creating, again, cash with working capital but at a lower extent. So you can't squeeze the receivables or inventories continuously. So it's always a delta versus prior year. We aim to keep on generating cash through working capital.

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**Massimo Vecchio – UBI Banca**

Sorry, if I understand right, you will still generate some cash in 2020 over...

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes in the region of 15-20€m Maybe we can get something between EUR20 million, that will be our best guess now, we'd be very lucky.

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**Massimo Vecchio – UBI Banca**

Okay. So there was nothing extraordinary, let's say in 2019. It was...

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

In term of working capital? No. Probably not because it's always a delta compared to prior year. So it's very difficult when you achieve record level in one year to go and to squeeze even more -- some items such as the receivables and inventories.

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**Massimo Vecchio – UBI Banca**

Okay. So you're happy with the current level of inventory that you have and the dealers have?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

We can work on that because there are differences between geographic areas, namely, clearly, in the -- what we call DPO and DSO. So we, for example, we have reduced the DSO in Europe last year. So we are working -- there are spaces for more efficiency, but this is what we can do, what we can forecast now.

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**Niccolo' Storer – Kepler Cheuvreux**

Yes, good afternoon. Thanks for taking my questions. The first one is on 2019 volumes. If you could help us understanding the breakdown, in particular in Southeast Asia among the main countries, so Vietnam,

Thailand and Indonesia, and also in Western country between Europe and North America? And the second one is on price mix effect in Western countries, 2019. If you can tell us how much of the, around 6% that is attributable to volume -- to mix and how much to pricing, and which are the drivers that you see for current year? Thank you.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Sorry, when -- the breakdown is for 2019. Yes, roughly, because we don't disclose numbers. So we can just say that as written on the press release and as you can see on the slide, that there have been some countries performing very, very well, Indonesia, Thailand and China, namely. That is putting all together, these countries probably have a size that is higher than Vietnam, but that's it. So we can't disclose anymore. In term of Western countries, on the contrary, we can give you the number of North America because it will be disclosed also in our Annual Report. So we sold in North America, around 11,000 2-wheeler and the remaining part are EMEA, what we call the domestic Europe plus North Africa and other countries. So, this is the split. In this case, it's something that is disclosed, and we can give you. That's it.

Then the price/mix effect. We said probably during the speech also, it's mainly mix effect and then pricing. Both were positive in Europe last year. More mix is very easy to understand why, because we have been extremely successful with some motorbikes that have an average selling price higher than scooter, namely the Moto Guzzi V85. We sold more than 6,000 units of this vehicle, and as you have seen, we reached the best results ever in terms of volumes and revenues from Moto Guzzi. So the mix effect has been the main part of the effect. And then there's been also good pricing with some good products such as Vespa and for MP3, but a lower effect.

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**Niccolo' Storer – Kepler Cheuvreux**

It's -- I mean it's reasonable assuming that in 2020, this mix effect will be probably a bit lower?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Lower, yes

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**Michele Baldelli – Exane BNP Paribas**

Hello, thanks for taking my questions. I've got a couple of them, mostly focusing on balance sheet. First one is about the reverse factoring, if you can give us the amount of the reverse factoring and also the direct factoring on the receivables side? The second one is a curiosity about the fact that the parent company is giving loans that's, let's say, detail on the cash flow statement loans given. I was wondering if these loans given are to the Piaggio Fast Forward initiative? Thank you

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**Alessandra Simonotto – Chief Financial Officer**

So about the reverse factoring, so the factoring on payables, the amount at the end of 2019 was around EUR198 million, EUR16 million above 2019. More importantly, the weight of reverse factoring on total payables remains stable, so 38% in 2019.

About the factoring on receivables, it was around EUR100 million, EUR13 million more than December 2018. And this reflect higher revenues, in fact the weight on revenues remained pretty much stable around 6%.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

And then maybe we can elaborate later because we haven't understood very well the second question. So sorry, for conversational sake, we will go on with the conference call. Okay? Thank you.

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**Gabriele Gambarova – Banca Akros**

Yes, thank you. Just a couple of questions. One was on this new Aprilia model you launched -- you are launching on the Indian market. Can you give me some more details on the positioning of the kind of vehicle? And the second one was on Moto Guzzi. Is it possible to know how many bikes you sold in 2019? Thank you.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes, Moto Guzzi were around 11,000 vehicles. So in term of volumes, this is the best result ever. As far as the new Aprilia SXR, clearly, we'll be pricing between the normal Aprilia SR and the Vespa scooter, and all these scooter have a premium price in the market, so well above competitors. So we still -- we are adding a vehicle in the premium part of the market. So this is what we can see.

Again, looking at website, you can see that ex-Showroom Mumbai price, we have the Vespa that can reach INR130,000, INR140,000, the Vespa -- the Aprilia SXR will be something lower, but something above the -- close to INR100,000, at which we are selling the Aprilia SR 125, something in between.

This is it, so the kind of the clients and moreover the target is always the same

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**Gabriele Gambarova – Banca Akros**

Okay. And do you think you will grow in terms of volumes there, thanks to both new dealerships, new models? What is the sentiment on Indian 2-wheeler?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Absolutely. As Alessandra was underlining during the conference call, already last year, we achieved the best sell-out ever in India for 2-wheeler, okay? So the sell-out, and not sell-in/what we are selling to dealers. Clearly, the aim is to grow the people, to keep on growing in India. As we said, we are also strengthening the dealer network. We are adding maybe 80 point of sales in the medium term just to launch -- to sell this

product. So the aim is to keep on growing and strengthening our positioning in the premium part of the market.

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**Monica Bosio – Banca IMI**

Yes, thank you. I was wondering if you can give us an idea of the electric to scooter market in Europe? Obviously, most is related to the sharing of the vehicles, but I was just wondering if you can give us some highlights on the private consumption, excluding the sharing operations? Thank you very much.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes, Monica, last year, the market has been in the region of 57,000 2-wheelers electric sold. So with a big jump versus prior year. But keep in mind, the main part of these electric 2-wheelers were sold to scooter renting companies, therefore were B2B not B2C, - we are estimating around 85% of the market was still -- 85% or 85% of the market was just focused or concentrated, sorry, in the B2B segment

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**Monica Bosio – Banca IMI**

B2B?

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Yes, B2B

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**Renato Gargiulo – Fidentiis**

Yes, thank you for taking my follow-up. Just a very quick one. Thank you for the clarification on coronavirus, I was wondering. So it's clear that you are not expecting any delay in shipments, et cetera. But can we expect any, let's say, extra cost looking to the first part of the year related to shipments? You were talking about replacing some maritime shipping with et cetera.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

No, no additional costs as far as we know

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**Renato Gargiulo – Fidentiis**

Ok, thank

**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

I think that now we can close the call. Thank you very much for attending this conference call. As usual, if you need more clarification, more information, and also Michele Baldelli, we'll try to answer your question, sorry. I'm available now, later and when you want, okay? Thank you. Bye-bye.