

Piaggio Group

First Quarter 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 to follow on this Conference Call on Q1 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 passing the presentation, 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. I remind also you that the press has been invited to participate in this conference call in a listen-only mode.

And finally, given the COVID-19 pandemic, in order to mitigate risks, today we operate in split teams, therefore bear with us if we will be facing some difficulties in managing, the conference call.

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

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Roberto Colaninno-Chairman and Chief Executive Officer

Yes. Good. Good afternoon to everybody. Before introducing all the number and the details of the first quarter results, I would just underline that despite the incredible situation caused by pandemic problems, I want to say that, Piaggio in the first quarter shows to have well managed the problem and then we think now more deeply from a technological point of view, what is the better solution of the new mobility that we have to manage in the future.

The 2020 year is a complicated year and is very difficult to predict the final results. But I want to say you that, all the decisions, every decision that we have to take will be considered in order to maintain capital ratios in line with their predictable target. I believe that we are in front on a very industrial revolution. But I am very

sure that we are able to control this -- to manage this and I believe that the rest of the year will be better than the first quarter, naturally if we won't be back with the virus problem. The company looks at the rest of the year in order to be able to recuperate all the time that we have lost.

Now, I think that Alessandra Simonotto, the CFO of the company will present to you the details or data of the first quarter.

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Alessandra Simonotto – Chief Financial Officer

Thank you Mr Colaninno, good afternoon everybody.

As usual I start the call with page 3 on key financial metrics. As you can see our performance has been deeply hit by COVID-19 effects, particularly during the last three weeks of the quarter, when lock downs and point of sale closures increased, due to the spreading of the virus around the world, thus affecting our production and product sales.

Therefore, we saw two diverging trends in Q1: we posted outstanding growth in all key operating metrics heading towards all-time highs till early March, followed by a sharp downward correction in mid-March driven by lock down measures.

Unsurprisingly the ultimate effect has been the typical downward spiral with the revenues decline amplified at EBITDA level, due to lower flexibility of costs to top line decline, and magnified at Cash Flow level, additionally impacted by higher seasonal working capital. I will provide you an in-depth analysis of this trends later

On the following page, page 4, we have summarized the key actions undertaken to face the challenges created by covid 19

First and foremost, we continue to act quickly and in alignment with government efforts to protect the well-being of employees. The closure of facilities and temporary suspension of manufacturing operations enabled us to install workplace protections and develop a comprehensive plan to protect employee health.

Second, we are providing dealer support based on the unique needs of each region, including financial support for product inventory, extending certain credit payment due dates. At the same time, as already stated during FY 2019 conference call, we have been acting to secure our supply chain and to avoid any shortage of components for our production needs. That's the reason behind our decision to not halt purchases in Q1.

Third, we are actively taking all necessary actions to mitigate costs: for instance, we have suspended or cancelled discretionary spending as well as renegotiated several suppliers' contracts and rent agreements. Results of these mitigation measures will be mainly visible from the second quarter onwards. [Notably in Q2 we will also fully benefit from the utilization of temporary unemployment support schemes (CIG Covid) in Italy]

Fourth we have heightened efforts to maintain a strong liquidity position. Since March we initiated refinancing actions to secure additional finance.

Lastly, we are working to adapt our product launches and line up. Consistently, CapEx profile will be adjusted to the new market environment

Let's move to page 5 where we summarize our industry's key demands trends all deeply affected by COVID 19 Western countries strong demand growth till mid-March had been wiped out by markets lockdowns

Asia Pacific demand, while not immune to covid-19 brutal shocks, was more resilient also benefitting from milder lock down measures in some countries.

Indian negative demand trend linked to the introduction of Bharat VI engines accelerated at the end of March with the introduction of stringent lock down measures

Let's move to page 6 to have an in-depth analysis of trends by business

As said before revenues grew high single digit till February, before been hit by the sudden strong deceleration in March.

Volumes and revenues trends by business mirrored the demand dynamics just described in the prior slide, apart from Asia Pacific which posted outstanding results against market weakness. Notably, the drivers of growth had been Thailand, South Korea and China.

In 2 Wheelers Western Countries you can notice the higher degree of decline of revenues versus volumes. As we will see in the following slide this effect is mainly due to the negative mix effect, as motorbikes shrank more than scooters.

At country level Germany and North America stood out both ending with volumes and revenues on the rise.

Lastly in India the strong positive price effect due to the introduction of Baharat Vi vehicles was unable to compensate for the sharp drop in volumes.

Let's move now to page 7 to look at the breakdown of the performance by product.

As you can notice Covid 19 has negatively affected all product segments. Scooters proved to be the most resilient benefitting from growth in Asia Pacific and low single digit decline in Western Countries.

The scooter trend in Western Countries is quite important, possibly suggesting that demand for scooters was already underpinned by the need to shift from public transport to individual and affordable commuting solutions to keep "social distancing".

In this context Vespa and the recently launched version of the Medley have been the bright spots.

Looking at Motorbike, I would like to highlight the relentless growth of Moto Guzzi V85 TT since its launch in late 2018.

Let's move now to page 8 to have a look at the EBITDA bridge.

As said before EBITDA had been dragged down by the sharp drop of volume and revenues due to lock down measures.

Conversely the negative % gross margin performance mainly stemming from the expected dilutive effect of Barahat VI vehicles in India had ben already more than offset by our ability to react quickly to the pandemic

activating a full set of cost saving actions as underscored before. I would like to highlight that these cost saving actions will deploy their full effects starting from Q2.

Moving to slide 9 we can see that Net Result decline has been mitigated by lower financial expenses primarily driven by lower cost of debt and lower tax rate as this year we will fully benefit from the reduction of the corporate income tax in India.

I will skip now page 10 that summarizes the figures just discussed to move directly to page 11 to have an in-depth analysis of Cash Flow, Net Debt and liquidity

As said before Cash Flow has been hit the most in Q1.

In detail:

- Operating Cash flow was lower than last year for the reason discussed before;
- Working Capital has been the real drag. Namely the biggest cash absorption stemmed from Receivables and Inventories.

Receivables have been negatively affected by around 16€m one-off payment delay, this effect has already been reverted. Additionally, we decided to support dealers extending our payment terms to mitigate their financial burden during these difficult times.

Inventories had been clearly deeply affected by sudden plants and point of sales closures, resulting in abnormal level of inventories of both finished goods and raw materials. Additionally, and even more importantly, part of materials and components increase was the result of a deliberate strategy aimed at securing the production in the following quarters.

- Capital Expenditure remained broadly in line with last year, but has highlighted in the slide we keep the flexibility to adapt the spending to the evolution of market and economic environment.

As a result of the trends just described Net Debt increased to 549€m. To compare Net Debt to last year we should exclude the interim dividend paid last September, thus landing at around 529 €m of Net Debt, 53 million above March 2019

Lastly I would like to highlight that although having ample liquidity back up at the end of March we have already initiated actions to secure additional finance

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

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

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QUESTION AND ANSWER SECTION

Monica Bosio – Banca IMI

Good afternoon everyone, thank for taking my questions. The first one is on the outlook. I fully understand that it's very difficult to make prediction, but just your feeling the consensus you've calling now for the net EBITDA by year end in the range of EUR196 million. Do you feel comfortable with this number?

And the second question is on Europe. Given the new needs in mobility, I was wondering if you can give out some update. Did you have cancellations during the lockdown period and how did evolve the order backlog in these months and maybe if you have a flavor of the current situation?

And then the very last is on Asia where the downturn was less severe, and can you just give us an update on how is evolving the situation and the driver of growth for this area?

Thank you very much.

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Roberto Colaninno-Chairman and Chief Executive Officer

Okay. I want to reply to the second and the third question and leave to Mrs. Simonotto the first one. I want to try to give you a real big picture of what happens for us in our biggest markets. We divide the globe in three big areas. One is EMEA plus United States. The second one is India. The third one is Vietnam and South Eastern countries and China.

If you look EMEA, where we have a better future idea. I want to say that the trend of the order that we got already for May, give us an idea that the EMEA market plus United States will be in line with our budget.

If we look at India: the country is, as you know, a big federation and each state take a different decision. The state of the nation where we are is Maharashtra, that is starting from Mumbai to Baramati. In Baramati is where we have the factory and today the factory is open. But between Mumbai and Baramati is another area that is named Pune, that is very well known in India as automotive business concentration. And over there, is where we have the biggest supplier entities. Now we are open there in Baramati, but the government is not given yet the permission to open the supplier company. We expected that this would be opened before the end of May. Now what is particularly important to know from you, is that all people working in the factory in India coming from different country, they are a sort of immigrates and is right now the people at the time of lockdown went home and the problem is to reorganize the company if these people not coming back. The good news is that Piaggio India today is totally confident that the people are in the area and the day that we open the people are in the factory. Therefore, as soon as we receive, the green light from the Pune area the plant is able to start 100%.

What is very important to say coming back is the sales organization, the sales organization in EMEA. Our sales organization is very good. All our dealers working based on exclusive agreement with Piaggio. So these people are allowed to sell only Piaggio products and we have certified in the first quarter that this type of

organization all over Europe is working very well and that the information that we get is that this organization is ready to start again.

If you go to India we have a similar organization, but despite in all Indian markets and India, as you know, is a big, is a huge country. Now the majority of the dealer is opened, and they have already placed the orders and the company is already delivering the products. The big advantage that we have in India is this: as you know, India introduced the Bharat VI, a very, very complicated engine solution; and the government said that all vehicle Bharat IV is not able to sell anymore, okay? Our plant had no stock of Bharat IV.

So we are ready to sell, Bharat VI without to withdrawing any Bharat IV. So I'm confident that if is true that the government opens the area of Pune and the company gets started 100%, we can deliver products starting from May immediately.

Another big thing in India is the financing. All the credits that we have in India is a good credits. We don't have any lost credits. We have some delayed, but this is due for the system, very complicated system of paying India, but we don't think that we will lose any dollar for the credit line. So in India, I believe that it is the virus is not coming back or is not growing as no one expects, we are ready to start from May with the production and products as the market expected.

Okay. Going to Southeast Asia, where Vietnam managed the situation very well. I believe that the best performance and the country now experience is how Vietnam has managed all these types of things. So, firstly, we don't have any lockdown there. We have just some areas in Hanoi and Ho Chi Minh, but the government was able to manage the situation without big problem. Today we don't have any pessimistic view in that area, because the countries where we have a business, Malaysia, Philippine, Thailand, are still open market. We are waiting for something important from Indonesia market that today is closed down again but we are waiting for the license of inputs and we are ready to serve because we have a big quantity of orders to deliver products that is parking on the area of the Jakarta.

So if you look at this area will be very positive, I look in very optimistic for now and the end of the year. Now the big surprise is China. In China, we import Vespa from Vietnam and the market is a small number, okay? Don't believe there is big, but anyway, what is growing in the first quarter, we sell more than 30% in last year. We expected to sell this year about 10,000 Vespa. But this is a big, big good sign because China is a huge market and we believe that in China the development of the motorcycle use will be implemented from now and the future.

So if you look other things around the world, I want to say that, then with the virus problems we are very positive, because we don't have the problems of materials in Italy and in Europe because we have invested in the first quarter and we have a very good position on material on the stock. Our company in Pontedera, in Mandello and in Scorze is open, is working every day, we have some problem, some issues with the organization, but anyway we are in line with our expectation.

If we look at India where the company is already, sorry the plant is ready to start, pending from the supplier situation, pending from the government solution, but everybody there expected that this will be done by the end of the month. But the rest of Asia is quite positive. So, again, pending from the virus situation, I believe that the worst is on our back, the future is much better than what we have managed in the last four months.

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Renato Gargiulo – Fidentiis

Good afternoon. Well, my first question is on your cost-cutting actions, you have been talking about suspension of discretionary spending, renegotiation of a suppliers contracts, et cetera. I can imagine on labor costs. Can you give us some indications about what you're targeting in terms of cost savings starting from the second quarter? And the same question on CapEx, if you can give us an indication about what can be the potential reduction versus your previous please plans?

My second question is on, if you see any particular distressed situation at your dealers level or suppliers? And then my last question is on Vespa and Medley, which despite this scenario reported an increase in sales. If you can give us any more color about the volume trend? Thank you.

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Alessandra Simonotto – Chief Financial Officer

So about cost-cutting action in order already a lot of things that we have shown to you about the cost reduction for as -- for the other figures of our P&L. We are not in this moment -- we don't feel enough -- we don't have enough visibility to understand where we can arrive at the end of the year. So we don't like to give you specific guidance about which will be the amount for the cost-cutting and the impact of the cost-cutting in the Q2 and in the next part of the year.

We will work -- we have already worked on it. We will work on it for all the year because we know very well that the only way to be resilient and to be efficient in this moment to answer in the best way to any other matter with COVID we can give to us is to be able to cut in the faster way costs and to be resilient also and efficient also on CapEx. But I'm not -- I don't feel myself so confident on next figures to give you a specific amount.

About the situation of dealer and a supplier, in this moment, what we have seen in all the market in -- where we are present, we don't have any matter with our dealer and we don't have any matter with our supplier. All the suppliers have open at the end of the lockdown in any specific country and the supplier are able to continue to supply us what we have asking them before and they has confirmed to us that they are able to answer to the program that we have already sent to them.

And from the dealer point of view, as of now, we don't receive any information about the difficulties. So we work with them any day. We have a specific situation from our people on the markets from in any countries, but as of now, we don't face any problem also from the dealer point of view. And I believe that this all.

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Renato Gargiulo – Fidentiis

And on Vespa and Medley?

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Roberto Colaninno-Chairman and Chief Executive Officer

Vespa and Medley, okay. I want to say that Medley, we have a very good, good -- a very good impact on the European market for Medley and we believe that we will improve our sales and we can compete with our big competitors, because the opinion of the market, the opinion of the customer is quite good.

Vespa, as you know, Vespa is Vespa. It is a fantastic product. We don't have any negative forecast of this kind of products. Vespa will be sold on the different countries at the same level and all the markets respond all in a very good way and it is very well positioned in all the markets.

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Niccolo Storer – Kepler Cheuvreux

Yes. Good afternoon, everyone. I have two questions. The first one on your gross profit, you said that it was impacted by Bharat VI introduction. But at the same time, I'm seeing that you've had a very strong price mix effect on Indian commercial vehicles. So if you can elaborate a little bit on that? Second one on the new debt financing you're negotiating I suppose with banks. If you can elaborate a bit and remind us, which is your current gross debt position? And the last one a clarification on EMEA sales, when you said, we expect them to be in line with budget, were you referring to a pre-COVID budget or a post-COVID budget. Just to give us an idea? Thank you.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Okay. Raffaele speaking. So about gross margin dilution, we have understood well the question, yes, as even noted the gross margin went down a little bit compared to last year. That was mainly linked as you were saying to India, essentially as you probably can recall, in prior conference call, we said that, new Bharat VI products are bringing significant higher production cost. So we are undertaking calibrated and gradual price hikes across the year. So essentially the mismatch between price increase and cost is driving this dilution in term of gross margin. So the big delta comes from India and the situation evolve going forward. And then as you have seen, clearly, we have already shown that we are able to compensate this dilution margin with strong action on operating expenses. Then the second question, if you can ask it again was on?

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Niccolo Storer – Kepler Cheuvreux

Was on financing.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yeah. Financing, so essentially we have a very good liquidity position, as we said, and also we wrote on the slides. So we have a comfortable liquidity backup, we had already at the end of March and we have already started strong actions to improve our liquidity profile.

The so-called gross cash is, was already above or in the region of EUR300 million. So there is enough. It's more than enough to face potential difficulties arising from COVID-19. And the very last, sorry, because we don't get very well here if you can ask me again the very last question?

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Niccolo Storer – Kepler Cheuvreux

Before you said that, let's say, this for the year you expect to be in line with your budget and I was wondering which kind of budget you were referring to?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

No. Probably, our CEO was referring to our internal expectation, in terms of, I don't know now exactly which is the topic that you referring to. But again, in some cases, there are areas that are performing in line or even better than budget. In other cases, as you know, there has been a deep impact of the COVID-19, that's it.

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Massimo Vecchio – UBI banca

Good afternoon to everybody. Two questions, if I may. The first one is on Europe, it seems that you perform better than the market, because your deliveries went down 6.6%. The market was down 11%. So I was wondering if you are gaining market share on the market or if it is only because of sell-in sell out mismatch. And if you can anyway elaborate a little bit on your market performances in Europe, which seems very good.

And the second question is on CapEx and in front of me is a historical graph of your CapEx, which you put in the full year 2019 presentation. In some years you spend as low as EUR87 million on CapEx. So I was wondering if, let's say, in a worst-case scenario, we can imagine that this is the minimum level of CapEx requirement that you can push the organization to? Thanks.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yeah. Massimo, hello. In terms of the performance, our market share in Q1 this year in Europe has been a pretty much in line with the prior year. Clearly, the market share trends have been deeply affected by closures in mid-March. So it's also very difficult to give you some data in any case. The market share is not a problem, we kept our leadership position in the scooter market as we did in the prior years. So we don't see any problem there.

Yes, you noted maybe that sell-in volumes have been better than the market decline. As you probably can record from priors call, normally we tend to -- we want to reduce the gap between sell-in and sell-out. In the first two months of the year sell-out outgrew sell-in volumes. But the trend suddenly reverted in March as lockdown halted dealers sales. As for the remaining part of the year, we think that sell-out will outgrow sell-in in Q2, Q3, while we expect to have a stronger sell-in at the end of the year, just ahead of the introduction of the Euro 5 engine. So this is the picture that we have. But clearly it is inconsistent with what we said in prior conference call. And in terms of CapEx, I think, Mrs. Alessandra already have shown you, but she can give you more details.

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Alessandra Simonotto – Chief Financial Officer

Okay. About CapEx, we have not already prepared a specific analysis, we -- on which would be or which could be the lowest floor in which we can arrive. As we -- as you know, the most important CapEx for this year are all compliance CapEx, because that's strictly connected to Bharat VI and EURO 5 and are connected to new

Porter and are connected to the new vehicle Aprilia 660. So we will work to be resilient on CapEx. But we can give you a specific time around the lowest one.

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Francois Robillard – Intermonte

Hi. Thank you for taking my questions. Good afternoon, everyone. First one is on India, so basically the market has been closed since late March and that the overall we will have two months of closure, can you give us some more color on the volume growth expected in the second quarter especially in volume since in a price-sensitive market which in India is the price hikes going on, especially in the commercial vehicles. If you have then give us little bit of color on your expectation on volume drops for the year?

And then, second one, just to clarify, if I understood well, Mr. Colaninno, what from what Colaninno said earlier, are you still expecting some volume growth year-on-year in Europe in the two-wheelers or is it just for scooters? Thank you very much.

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Alessandra Simonotto – Chief Financial Officer

So if I understood well your question. The first one is about India and about closure of India. So about this we know that India is closed in April; is opening in these days more or less any single state after the authorization of Mr. Modi has a lockdown in state level is the signing any single rule for the opening in any single state and region. In this moment, Baramati, where we have the factory is authorized to open, while some other states are not opening but we believe that within the next week everyone is able to go back to work and all the shops will be open. As of now, we know that some more or less the 50% of our dealers in India are already open and the other part will be open on the next week. So, in this moment, we are not able to understand if there will be some other closing in India because, as you know, everything depends, just like in Europe, in US, in China so far from the virus. And this is something that we can no imagine. We -- for the information that we have at our hands now, we believe that when everything will be open in a safe way and there is no risk for this period to re- close in a few days. On the other side -- the other question, I -- if I understood well is, if we are waiting for grow the volumes in the second part of the year. Is it true?

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Francois Robillard – Intermonte

No. Is that they compared to the 2019 level, are you still expecting some growth on Scooters in Europe given there is boost coming from the renewed demand on individual mobility?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

As the CEO said at the beginning of the conference call, clearly, we don't want to provide -- we don't provide because it doesn't make sense now, guidance in terms of volumes by geographic areas, so specific guidance. Also in terms of market trend, to give a very strong level of uncertainty that we have on the markets.

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Francois Robillard – Intermonte

Okay. Just a quick one to finish, in India while the factories were closed, do you still hold sort of salaries of your employees in our P&L or did you just do some temporary layoff?

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Sorry, Francois, we have some issues, we don't hear you very well. Can you please repeat your question because there is an echo here?

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Francois Robillard – Intermonte

Okay. Just in India during the time of the lockdown did you have a temporary layoff of your workers there

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

No, no, no, no. We - no-- in India we were paying normally our workers during the period of lockdown. Okay. Thank you.

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Sébastien Lemonnier – Inocap

Yeah. Hi. Good afternoon. Two very quick questions. First one, there is unlock started already in Italy and starting next week in France. Can you give a bit of color how has been the very last news from, because I guess it could be new clients rushing to get a scooter to make sure that they can move being secure. So, can you update on us about this one?

And the second one, which is also link is, do you have any view of any incentives – scale incentives. So I think there is something you got in relation to tools use in this context, but are there any of the country in the world, especially in Europe where you may have this opportunity? Thank you.

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Roberto Colaninno-Chairman and Chief Executive Officer

About incentives. So now we don't have any picture about that will give us an idea if there is an incentive will be introduced in the markets. For this moment, we don't consider as an opportunity to receive incentives on the European markets.

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Sébastien Lemonnier – Inocap

Okay. But the retailer and the other type of the clients so that was -- as the Italy, in fact, are lockdown has been started and next week in France as well. So how is the appetite because I guess some of the people are

already planning how are they going to go Monday or how they were growing last Monday at work basically. So can you give more color about the updated situation, please? Thanks.

The question is to know, as there is unlock in Italy already since Monday and it's going to come next Monday for something in France. And did you really receive some orders from new retailers because I guess some people are planning to move and we look for the best solution that has more slight [. So can you give you a bit of color how is it they

updated situation in the unlock process, where you can probably become a winner?

Thank you.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

No. And the nice thing is, no, I think, that is too early now to give you the feedback about people going to our dealer shop to buy the new vehicles. We open up just Monday We have to wait a little bit to give you a more comprehensive answer and then we need also other markets will be open. So it's too early. If it was the meaning on your question.

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Sébastien Lemonnier – Inocap

Yes

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

It's too early. And unfortunately, yes, we don't have sufficient data to give you a clear path. Clearly, it's clear to everybody and then also for you that since the start of this COVID-19 crisis the two-wheeler emerged clearly as the ideal solution for commuter searching for individual sustainable mobility solution. So as an alternative to mass transportation. It is clear. But to give you sort of statistic is too early. Okay.

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Gabriele Gambarova – Banca Akros

Thank you for taking my questions. Most of them have been already answered. I was wondering if you have an idea of what could be the tax rate for this year. So I know that you expect something in the region of 40%, just to check on this? And then I was wondering, Mr. Colaninno mentioned the Vespa sales in China. I was wondering how many Vespa you sold in 2019? Thank you. In China, of course.

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Alessandra Simonotto– Chief Financial Officer

Okay. About the tax rate, as you can see -- as you have seen in the slide before, the tax rate we applied for 2020 is 40%. This is coming from the analysis we have made on the basis of the new tax rate in all the countries where we are, on the basis of the new tax rate designed by the India Government last year for 2020

and above on company tax rate and dividend distribution tax. This is what we believe will be the tax rate for the year and this is the only things that I can give you as information as of now.

As per China sales

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Yeah. And we have the information my clearly to give you a breakdown by country of our Vespa sales something that we don't know -- don't do usually. Clearly, last year the China grew significantly as we showed and said during the last conference call and this year our volumes went up in the first quarter more than 30% as Mr. Colaninno was saying. But to give you a breakdown of sales of Vespa by a single country is something that we don't do so far. We are not doing. Sorry for that.

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Gabriele Gambarova – Banca Akros

No. Don't worry. Did I understood well of or there could be some kind of, let's say, incentive in China. I'm not. I don't mean cash incentive, but in a way or another way to or to adjust the market trend.

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Raffaele Lupotto – Executive Vice President, Head of Investor Relations

No. It's not, sorry, it is not a market. This is something that I can give you. It is not a market trend, it is our over-performance in China because the Chinese market last year was quite weak, and also in Q1 this year the market was slightly negative in the scooter segment and single-digit down. The part of the market in which we compete the scooter over 150cc because we are selling 150cc and 300cc vehicles was a more resilient and -- but was still slightly negative. Iis essentially our over-performance in the market. So the market is very interesting. But on top of that we are overperforming the market

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Roberto Colaninno-Chairman and Chief Executive Officer

Yeah. I want to just to clarify this. Now, our sales in China is peanuts. We believe that our sales -- total sales in China should be about 10,000 pieces in the year. Now what I am saying is that the trend of the market starting from India, let's say, Southeast Asia plus China is a good trend for us. This is an example how we -- the first time we are able to sell something it really relevant for us in China.

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Gabriele Gambarova – Banca Akros

Yeah. I get, I mean, I understand the numbers are very small. I was just wondering what happened to outperform this way the market if there was a different commercial proposition or more dealers or pricing positioning. I don't know, is there any reason to explain this, I mean, you've very good performance in China this was my question.

Roberto Colaninno-Chairman and Chief Executive Officer

Yeah. But you know that Piaggio is a traded company there with about 50 people working on sales and the following other things our business and we are in China. So is this sales are through our organization that is going on the market and we have some dealer. But we are very impressed about the sales that we are able to do in the country as China even the situation of the rivals, even the situation where the Japanese have an incredible control of the scooter market.

Raffaele Lupotto – Executive Vice President, Head of Investor Relations

Okay. So, I am looking at, yes, there are no more 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. Thank you very much.