

Brembo S.p.A.

"Full Year 2022 Financial Results Conference Call"

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MODERATORS: **MATTEO TIRABOSCHI, EXECUTIVE CHAIRMAN**
 DANIELE SCHILLACI, CHIEF EXECUTIVE OFFICER
 ANDREA PAZZI, CHIEF FINANCIAL OFFICER
 LAURA PANSERI, HEAD OF INVESTOR RELATIONS

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Full Year 2022 Financial Results. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Laura Panseri, Head of IR. Please go ahead, madam.

LAURA PANSERI: Thank you. Good afternoon, everybody, and welcome to Brembo Group's full year 2022 earnings call. Today, Brembo's Executive Chairman, Matteo Tiraboschi, will start the call with his opening remarks. After that, he will be available together with Brembo's CEO, Daniele Schillaci, and the CFO, Andrea Pazzi to answer questions from analysts.

During this call, we will discuss our business outlook and we'll make forward-looking statements which are based on our predictions and expectations as of today. These comments are subject to risks and uncertainties that can cause the actual results to be materially different. I also remind you that this call is being recorded.

I'd like now to turn the call over to Matteo Tiraboschi, please.

MATTEO TIRABOSCHI: Thank you, Laura. Good afternoon, everyone, and thank you for joining us today. In 2022, Brembo set an all time record for revenues, margin, and net profit. For the first time in our history, we had surpassed the threshold of €3 billion in revenues, I would say over €3.5 billion. The results, approved today by our Board of Director show a total of €3.6 billion in revenues, up 30.7% from 2021.

Our net profit for 2022 was €292.8 million, again, unprecedented figure. Our operating cash flow was €120.9 million. We are totally proud of

these results achieved despite the many challenges in the global market, especially the consequences of the war in Ukraine and the persistently high price for commodities. 2022 has indeed been a solid year for us. Revenues grew across all business segments and virtually all the markets in which we operate. We also continued to build on our strategy of becoming a solution provider for our clients.

Our ambition is to always be a game changer. We tend to achieve that with Sensify. Our pioneering intelligent brake system integrates the most advanced software based on artificial intelligence with our brake components. We spent last year and a half presenting it in our key markets in Europe, in China, U.S., and also in Japan in June and July, if I remember well, and the feedback has been really positive. We believe this is going to be a major innovation for the automotive industry.

Our present and future products will be increasingly enhanced by software and digital solutions. This gives you a clear idea of how Brembo is evolving. We are experiencing a fundamentally transformative time in our industry and we want to seize every opportunity available to us. One fundamental Brembo characteristic is that we do things our way. We focus our efforts on developing in-house knowledge and on anticipating market trends and the needs of our clients. What we can't learn fast enough, we bring into the company from outside. That is why last October, we announced the creation of a Brembo Venture, our new venture capital unit, it will invest strategically and at the global level in the best technology startups, it is this that will allow us to accelerate our development of innovative solutions for the mobility of tomorrow.

The boundaries of our capabilities continue to widen as well. We continue to respond to market needs by investing in our future. The expansion of our plans in China and Mexico are significant steps in this direction. We plan to double production capacity in Mexico, and this is starting with ramp-up costs.

In China, where capacity will also double, a portion of the CAPEX expenditure were already allocated in 2022. Still in China, we signed a 50:50 joint venture agreement with the Gold Phoenix in 2022 to open the first large scale Brembo manufacturing facility in the country that will be exclusively dedicated to the production of innovative aftermarket brake pads.

Talking of the aftermarket, last September, we presented a significant new solution in this segment. This is a range of environmentally friendly special alloy disc and brake pads, which are calling Greenance. Meanwhile, we continued investing in the digital transformation for our company in 2022, and this process will be ongoing in 2023.

Sustainability remain at the heart of our business strategy and our products. We have an ambitious goal to become a net zero company by 2040. Our progress is encouraging. We are on the right track...that is why at the end of last year, Brembo was recognized for its leadership in corporate transparency and for its performance on climate change and water security. CDP, the global environmental non-profit, put Brembo on the its annual A list of top sustainable companies.

Continuous innovation, client driven solution, and sustainable development are the key factor for Brembo for the future of our company. They will guide us again in 2023.

Before closing, I would like to add on last comment on the recent announcement of the shareholder's agreement we signed with Camfin. With this agreement, we wanted to confirm Brembo's role as a long-term shareholder of Pirelli. Pirelli is a company whose history, brand and leadership is an expression like Brembo of Italian style and technology at a global level.

With Camfin, we share the ambition to explore in full strategic and management autonomy, potential common areas of development and innovation, with the aim of further increasing our effective presence on the market.

Thank you, everyone. I'll turn it over to Laura.

LAURA PANSERI: Thank you, Matteo. Operator, we can now open the Q&A sessions, please.

Q&A

OPERATOR: This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touch...telephone tone. To remove your question, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time. We will pause for a moment while participants are joining the queue.

The first question is from Monica Bosio from Intesa San Paolo. Please, go ahead.

MONICA BOSIO: Good afternoon, Matteo, Daniele, and Laura. Thanks for taking my questions. The first one is on the fourth quarter margins. But if I'm not wrong, were it by roughly €30 million of operations. Can you confirm this and maybe give me some more flavor on this kind of operations and can you just clarify if these additional costs are related to the ramp-up of the capacity, and if they are one-off all the question is related to our expectation on the EBITDA margin in 2023? So I'm just trying to figure

out how much the operations will impact on EBITDA margin in 2023, because if I'm not wrong, you didn't give us any guidance on the EBITDA margin for the current year?

The second question is on the CAPEX, which was higher than your previous indication. I was wondering if you can give us some highlights on 2023?

And very last is on the consultation part with Pirelli, more than on...rather than the consultation part, I was wondering where do you see common area of developments with Pirelli? Can we imagine some potential common areas with Pirelli in the braking system segment, with Sensify and the sensors, just to ask? Thank you very much.

MATTEO TIRABOSCHI: Thank you. I will start from the last one about Pirelli. We said everything about Pirelli in the press release and in my initial comments. I don't have further comments about Pirelli, the focus of today being Brembo 2022 results.

DANIELE SCHILLACI: Buongiorno Monica, this is Daniele speaking. Regarding the CAPEX, we forecast for 2023 around €300 million, that will sustain our investment in the new products.

Regarding the margins in Q4, those were influenced by some factors: one is the ramp-up of our new Mexican plant; as Matteo said in his initial remarks, we are doubling our capacity in Mexico, thanks to the strong demand we have over there. Another factor was the higher costs we faced in the period, for example for the digital transformation, because we are accelerating our digital transformation project in the company. Another element was the higher volatility of orders in the last quarter; there was a mix of supply chain issues in our customers that gave us a bit of volatility

in our product planning. Finally, there was also the new lockdowns in China in December, that also had some influence. Put all together, in Q4 we were below our standard capacity saturation, which is around 85%. So those were the elements that influenced the EBITDA margin in Q4.

MATTEO TIRABOSCHI: Also, about the investment, please keep in mind that we have doubled our capacity in Mexico, and with this new investment the plant now is something around 70,000 square meters, so it's really a big, big plant, and it is becoming the biggest for the system division in Brembo. Not only, we are doubling the capacity also in China, always for the system division, and last but not least, also in India we are ready to start with the new facility for the motorbike segment. So we are very focused in new investments all around the world.

MONICA BOSIO: Okay. So, I can imagine that the operations in 2023 will be much lower and that the items that impacted on the last quarter of 2022 are mainly one-off. Is it correct?

MATTEO TIRABOSCHI: In the last quarter, yes, there are some one-offs, for what Daniel said before. For the new year, obviously, we'll work very hard to maintain more or less the same level of last year, but it's more challenging because we are very focused on the ramp-up of new plants. This is the other side of the good news.

MONICA BOSIO: Okay. So I imagine, I can't ask you what is your margin target by year end?

MATTEO TIRABOSCHI: We prefer to wait, during the call of the first quarter we will give some numbers in which we are more confident.

MONICA BOSIO: Thank you very much. Thank you.

OPERATOR: The next question is from Renato Gargiulo from Stifel. Please go ahead.

RENATO GARGIULO: Yes, good afternoon. Well, my first question is on your guidance...sales guidance, which is pointing to mid-single-digit growth this year. I was wondering if you can give us an indication about the underlying assumption on volumes and pricing, even some qualitative indication?

And related to the previous question on the margin outlook, so clearly you should have still some start up this year, but then you should have also I can assume some tail-end of the price effect on raw materials and some better operating efficiencies. If you can confirm this?

Third question on China, if you can give us any indication expectation for this year, if you're seeing any improving momentum after the New Year. Thank you.

DANIELE SCHILLACI: Yes, I will try to reply to your questions. Regarding raw material and price effect, as you know we are all indexed, and so for us the situation is under control. If you remember during the previous conference calls, we explained that we have put in place some structured processes with our OEMs on the price and utility item, and this is flowing also to '23 without any problem. So specifically on the raw material, we don't see any impact.

Regarding the guidance, I can just confirm what we have communicated, mid-single-digit revenue growth. We don't see any negative impact on volume pricing in '23 versus what we achieved in 2022. By the way, in 2022, we had also a very solid order intake, and this is of course a good warranty for the future.

Regarding China, indeed, the Q1 for the automotive market is a little bit under stress. But we have recent signs these last days, that already from

Q2 the market will get back to the right track and we see from the forecast that China in Q2 will recover what was lost in terms of markets in Q1, and for the full year the market should be slightly above '22. In 2022 the global market was at around 25.8 million, and the forecast is at around 27 million units in 2023. So, a sort of slow start at the beginning of 2023, but with a recovery in the second part of the year.

RENATO GARGIULO: Okay. Thank you. If I may just last one on...an update on your joint venture with Gold Phoenix in China, I remember that you are expecting to start operations in the first part of this year. If you have any update on that? Thank you.

DANIELE SCHILLACI: Yes, sure. We are already on the ramp up phase with our partners. So, if everything goes well and we are absolutely in line with our planning, already from mid of this year, we should see some very good impact from this joint venture.

RENATO GARGIULO: Okay. Thank you. Thank you very much.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Martino De Ambroggi from Equita. Please go ahead.

MARTINO DE AMBROGGI: Good afternoon, everybody. The first question is on the output capacity to be doubled in Mexico. Could you clarify what's the...what means...what it means because you have both calipers and discs. You have foundries so what do you mean for doubling capacity in China and Mexico, and what's the amount of CAPEX for this doubling capacity and is this capacity already fully covered by clients' orders or will be fulfilled only for a certain level of the total capacity you're adding?

DANIELE SCHILLACI: Yes, ciao Martino, the increased capacity in Mexico, as Matteo was saying at the beginning, was led by very strong demand both in discs and calipers but more in calipers, where the demand is almost totally covered. As you probably remember, when we decide to expand our production capacity, we have at least around 80% of the pipeline already booked.

MARTINO DE AMBROGGI: Daniele, sorry if I interrupt you. Just to be clear, you had 2 million calipers capacity. Are you doubling these figures so it means 4 million capacity in Mexico by, I don't know, this year?

DANIELE SCHILLACI: Well, if I have to give you a number in the next 3-4 years, if the market evolution is in line with our forecast, we may reach on the mid-term volumes that are very close to the double of what we are doing today, thanks to the expansion of both current and new customers. This of course will depend also on the OEMs volume planning, that follows, of course, the market trend. If the market in 2025-2026 drops by 20%, of course we will have an indirect impact on our demand, but if the forecast is in line with the OEMs plan and with our forecast, then you can expect on the mid-term, our capacity in Mexico to be very close to the double of what it is today.

MARTINO DE AMBROGGI: Okay and discs and China?

DANIELE SCHILLACI: Yes, it is calipers and also discs. In China, similarly to what's happening in North America, we have a combination of our traditional customers and new local OEMs, that are also requesting an extension of our production capacity. And this is also on the disc, but I would say, if we take the percentage, it's more on calipers.

MARTINO DE AMBROGGI: So, also in China it's mainly for calipers?

DANIELE SCHILLACI: Yes, exactly.

MARTINO DE AMBROGGI: Okay. And could you provide a rough indication of what is the amount of CAPEX for this two doubling capacity?

DANIELE SCHILLACI: No, as I said at the beginning, the capex for 2023 should be around €300 million CAPEX, I can only provide the total number.

MARTINO DE AMBROGGI: Okay. And I try...I remember maintenance CAPEX are typically €50 - €60, probably €70 million.

DANIELE SCHILLACI: Around €60 million, yes.

MARTINO DE AMBROGGI: Okay. So, it's always 60. Okay, perfect. And in this €300 million you also include some Sensify CAPEX I suppose?

DANIELE SCHILLACI: For Sensify we have been investing a lot during 2022 but honestly speaking you should expect some capex also in '23, correct.

MATTEO TIRABOSCHI: The Capex magnitude for Sensify is not so high. We don't need to invest in a foundry or a machining shop and so on, it is a completely different kind of investment.

MARTINO DE AMBROGGI: Okay. And the last question is on Sensify. When do you plan to disclose more details? I know the client doesn't allow you to disclose the name, the numbers and so on, but are you preparing any announcement or any additional disclosure on Sensify?

MATTEO TIRABOSCHI: Daniele, is working very hard with the customer, in order to have the authorization to say something more.

DANIELE SCHILLACI: What I can tell you is that, as soon as we can, we will be more than happy to do it. But at the same time we need to respect our customer's decision on the point.

MARTINO DE AMBROGGI: Okay. And Matteo at the beginning you mentioned that you had a very positive feedbacks from clients testing the products. Are your usual historical client...high-end clients, I suppose super car producers? So, just to have a...some clues on what is the ideal client for [multiple speakers]?

DANIELE SCHILLACI: Premium markets. Today Martino all the contacts that we have on Sensify are indeed on the premium markets. We are not talking about niche sports car or something like that, although there is also a lot of interest from their site of course, but today we are predominantly talking about premium markets.

MARTINO DE AMBROGGI: Okay, and I know it's difficult to talk about competitors, but Continental came out with a similar product for €1.50 billion contract. Are you...I don't know if you want to comment it, but am I right in assuming this is not accepted your reference market or you are competing in the same arena?

DANIELE SCHILLACI: We prefer not to comment on what our competitors are doing.

MARTINO DE AMBROGGI: Okay. No problem. Thank you

OPERATOR: The next question is from Andrea Balloni from Mediobanca. Please go ahead.

ANDREA BALLONI: Yes, good afternoon everybody and thanks for taking my question. Just a couple left. My first one is on geographical breakdown, if you can give us the usual color on the trend you see in the main region in term of car production?

My second question is on net working capital trend that has reported quite good performance in the last months, I was wondering, what should we expect in 2023?

And my very last question, is a follow up on the CAPEX. You had mentioned €300 million for this year, you've mentioned doubling capacity in Mexico and China also? And I also understood something about India, if you can give us more color on that, please?

DANIELE SCHILLACI: Hello, Andrea. In terms of market trend, I will try to give you a bit more colour. In 2022, the markets ended at 82 million units produced globally. If you compare these numbers with the pre-COVID levels, you'll see that in 2018-2019, the market was at around 90-91 million units, in 2022 it was 82 million units, and for 2023 the market is foreseen to be around 85 million. So, we are getting closer and closer to what the market was pre-COVID. Now, in terms of split by region, as I said before, the only market that can hit the pre-COVID level is clearly China. China, at the end 2022 was already in line with pre-COVID levels (around 25 to 25.5 million units) and, if the forecast is correct, it will hit 27 million units in 2023. Europe for all the reasons that we all know, will stay around 16.5 million, 17 million; for your information pre-COVID was around 21 million. So, it will be 5% up versus '22, in Europe, but not yet at pre-COVID levels. U.S. will go back to around 15 million and the pre-COVID was around 16 million. So also here getting closer to the pre-COVID levels, with 2023 being +5% versus 2022.

Hence, in summary Europe, U.S./Nafta +5% versus 2022, but still below pre-COVID levels; China + 1.5% - 2% versus 2022, that's already above the pre-COVID level. This is the trend that we see globally. Now, I hand over to Andrea Pazzi for a comment on the net working capital.

ANDREA PAZZI: Thank you, Daniele. Of course, the net working capital at the end of September was quite high, we already commented this. We decided during the first part of the year to accept a higher level of stock to preserve the business continuity and to maintain an excellent level of services to our customers, despite the difficult situation with the raw material in the world. We had already anticipated that during the last conference call, that we would take measures to reduce the stock, and this was done very well by Brembo Group, together with some actions also with our customers, to come back to the standard method of payment. So we landed at the end of the year with a level of working capital in line with what expected and in line with the past. And you can see that in the last quarter the cash generated through the reduction of net working capital was ca €135 million. For the future of course, the working capital will be impacted by the growth, so we see an increase of the working capital, but for the future more linked to the growth of revenues and less to the high demand to preserve the capacity of our customers.

ANDREA BALLONI: Yes, my last question was about India, if you can give us more detail on that. I guess this is a part of a €300 million CAPEX you have mentioned before?

MATTEO TIRABOSCHI: In India we are increasing capacity for motorbike calipers, because the market is booming. We have received some very good contracts for electric scooters, so we are investing an important amount of money- for the size of India - to support this growth.

ANDREA BALLONI: Okay. Thank you.

OPERATOR: The next question is from Michele Baldelli from Exane BNP Paribas. Please go ahead.

MICHELE BALDELLI: Hi, good afternoon for everybody. I have a couple of questions. Since COVID is about expansion of capacity, you mentioned China, Mexico, India, but if I'm not wrong, there could be also Czech Republic. So, I was wondering if you can confirm or not, and if you can give us sort of an indication for the timing for it and the size. So, maybe related to doubling also the capacity in Czech Republic or not?

The second point is about the startup costs that you mentioned, if you can provide a sort of magnitude of the startup costs that are currently in the P&L for '25? And if this cost for the expansion are there also because of new foundries that will be established in the year or let's say in [indiscernible] happened in the past that is being let's say higher cost in the foundry consuming cash?

And finally, if you can share a sort of magnitude also qualitatively, let's say or around the...sales from pads that you have done in 2002?

DANIELE SCHILLACI: So, regarding the first question, in Czech Republic, you're right, we did an expansion of our capacity that started 3 years ago and was completed last year, following the growing demand of our customers for calipers. So, it is something that we completed last year.

Regarding the next questions, can you repeat them please?

MICHELE BALDELLI: Yes. So, basically, if you can quantify the cost for now in the P&L for Sensify for the development of Sensify because you said there are no more...not that much CAPEX. So, basically I have to note that the level capitalized is low. So, if you can give details on how much are the costs for the engineers behind the development of the software and for getting this done? And this is the second question.

The third question was about, how much are the sales from ads that you had the last year?

DANIELE SCHILLACI: The second question on Sensify cost, we cannot comment. As you can imagine, this is a very sensitive topic and we don't release information on that. On the third question, what I can tell you is that within our after-market operations, roughly 50% is related to pads.

MICHELE BALDELLI: Okay. Thank you very much.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Anthony Dick from Oddo. Please go ahead.

ANTHONY DICK: Yes, hi. Just one question remaining on my side on Sensify. Could you maybe just tell us if the contract you signed is for full battery electric vehicle or an ICE vehicle and then just, you know, in terms of your discussions with customers and you promoting this solution, can you just remind us of the key selling points of this technology. Maybe provide some indication as to whether there is some improvement in braking distance performance, that'd be great. Thank you.

DANIELE SCHILLACI: Okay. So as I said, you can apply Sensify on any type of powertrain vehicle, and both on passenger car and a commercial vehicle. So it's not

only meant to be for a full electric vehicle, but you can add this on hybrid, petrol, diesel engine without any problem. Obviously, on a full electric car you can maximize the benefits of Sensify, that are amazing, but in whatever platform, the technology works very very well and our customers have tested it already.

The key selling point of Sensify is very clear: the fact that in Brembo, we have a deep knowledge of the full braking system, meaning disc, caliper, pads and software, means that we are probably the only one who can understand the NVH behavior of all the components of the wheel corner of the car.

We have some competitors who have software but don't have caliper, some of them have discs but they don't have software or caliper. So we are the only ones who embrace all the products of the wheel corner. Hence the fact that we have all the data, combined with the fact that SENSIFY is the only braking system today that actuates the 4 corners totally independently, so the software can understand anytime, in any road conditions what is the optimal force to inject in each wheel. You can imagine that we are very well placed to offer to the customer the best driving experience and the utmost safety sense for the end customer. And this is a very important key selling point I would say that the OEMs are recognizing to us.

ANTHONY DICK: Okay. Thank you and just to understand your first contract, the first customer that you signed, is it a pure BEV player or not.

DANIELE SCHILLACI: As soon as we can release, we will let you know. I cannot tell you now.

ANTHONY DICK: Okay.

OPERATOR: The next question is from Gianluca Bertuzzo from Intermonte. Please go ahead.

GIANLUCA BERTUZZO: Hi everybody, good afternoon. I am sorry to go back to the 2023 guidance. I understand you don't want to be specific but can you exclude a lower profitability year-on-year? This is the first question. The second is on M&A. If I am not wrong, you were saying that you looked for a transformational deal in the field of electronics. Are you still of this idea or do you prefer to look elsewhere? And last one, at system level, so everything included, what is the price difference between our traditional system and Sensify. It is fair to do such a comparison, just a rough indication would be helpful. Thank you.

DANIELE SCHILLACI: On Sensify, again, sorry to be a bit abrupt, but we cannot really release any information about pricing and so on, for obvious reasons. Your second question about a possible transformational deal in the electronic field, no we are not looking in that field. Regarding 2023, of course our DNA is always to do the best to outperform the market, and to improve versus last year, which is what we have been doing for many years, and it is what we will try to do also in 2023. Then of course, if in a few weeks, few months, there is a geopolitical relevant topic disrupting the global markets, we will have to cope with it. But today, honestly speaking, we will do our best to keep the company at the current profit levels.

GIANLUCA BERTUZZO: Thank you very much.

DANIELE SCHILLACI: Okay. You are welcome.

OPERATOR: The next question is from Gabriele Gambarova from Banca Akros. Please go ahead.

GABRIELE GAMBAROVA: Yes, thank you and good afternoon, gentlemen. Just a couple of questions from my side, generic I would say. The first is one...the first one is on pricing of your braking systems. I was wondering if there is a substantial difference between the pricing this kind of systems fitted on battery electric vehicles and internal combustion engines. This is something I missed and I was curious about this. If there is any material difference in terms of pricing because of the weight, I don't know. The second one and the last one is about China. I was wondering if your, let's say, your penetration with, let's say, western OEMs in China is stronger vis-à-vis local players or there is a balance between their presence both from western OEMs and local ones? Thank you.

DANIELE SCHILLACI: Okay. Hello Gabriele. Regarding your first question, we don't see a significant difference on pricing between a braking system for BEV or for ICE engine.

Regarding China, in the last years we have being growing quite significantly with the local players, but we are also growing with the transplants of our traditional customers. Hence the beauty if this is that one is not preventing the other and both areas of business have being growing; and if you look at the projection on mid-term we are following this logic also for the future.

GABRIELE GAMBAROVA: Okay. Thank you very much. If I may, a very quick follow-up again in China, your presence on battery electric vehicles I mean how do you judge in term, you have a good presence, has more presence?

DANIELE SCHILLACI: Yes, I confirm that we are growing. If you look at the last 18 months and also the projection of the new orders we are taking, the mix of BEV is sharply growing in China, absolutely.

GABRIELE GAMBAROVA: Okay. Now this is now interesting because import of Chinese BEVS in Europe is expected to grow I don't know, eight times and...so it's an interesting to know that you could benefit from this?

DANIELE SCHILLACI: Absolutely, absolutely.

GABRIELE GAMBAROVA: Okay. Thank you very much.

OPERATOR: Once again, if you wish to ask a question please press "*" and "1" on your telephone. The next question is from Martino De Ambroggi from Equita. Please go ahead.

MARTINO DE AMBROGGI: Thank you, 2 more questions. The first one is on, the guidance for sales up mid-single-digit. If I look at car, motor bikes, commercial vehicles, racing, what division is outperforming and what division is underperforming the plus mid single-digit?

DANIELE SCHILLACI: If we look for example, at what happened in 2022, all the Bus and divisions contributed to the important growth. But, I would say that, the aftermarket activities, also thanks to the new JV in China, and the motorbike activity, thanks to India, where we are taking some interesting business in the electric scooter segment, those 2 divisions are going to probably grow very fast this year.

MARTINO DE AMBROGGI: Okay. And the second question is on the two newly acquired companies, are you exploiting any synergy, cross-selling activity? I don't know, if there is an update on this, just to understand what are the benefits of the last two acquisitions?

DANIELE SCHILLACI: Yes, with SBS this is the second full year, we do have some synergies of course, in some activity, like purchasing, IT and so on. But also SBS,

which is focused on aftermarket, thanks to Brembo experience, is now entering also in the OEM area, step by step. So, those are the benefits of having SBS in the motor bike BU.

MARTINO DE AMBROGGI: Okay, and the very last. I know probably there is no answer, but on Pirelli shares, I must ask a question. So you increased the stake, so just to be 100% sure it was Brembo or the parent company buying shares and when, and if it's possible to know, more or less the price? I asked this because in the agreement, I know you don't want to comment it but in the agreement, there is also the possibility mentioned in the pact that you can eventually buy more shares. I'm not asking you if you are doing it or you will do in it or not. But just to understand who was the buyer when and well, the why we will discover it?

MATTEO TIRABOSCHI: Martino, as you said, I confirm no answer...

MARTINO DE AMBROGGI: Even without knowing we say without knowing the buyer, if it's Brembo or the parent company?

MATTEO TIRABOSCHI: You will read it in the Annual Report; I have no further comment.

MARTINO DE AMBROGGI: Okay, okay. So...but the cash out is not included in the debt at year end. So if its Brembo, it is in Q1 and not in Q4?

MATTEO TIRABOSCHI: There is a cash out in the last quarter, as shown in the bridge in our presentation slides.

MARTINO DE AMBROGGI: I didn't see it, so, thank you.

OPERATOR: Ms. Panseri, there are no more questions registered at this time.

LAURA PANSERI: Okay, thank you, everybody, for attending our call today. Enjoy the rest of the day. Thank you and goodbye.

MATTEO TIRABOSCHI: Bye-bye.

DANIELE SCHILLACI: Thank you very much. Bye-bye.