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2008 - 2010 Industrial plan

Meeting with the Financial Community

Milan, January 16th 2008

1 2007 MotoGP CAMPIONI DEL MONDO

2007 Preclosing Group Results

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20 07
what an
amazing
year!
MELBOURNE
AUSTRALIA

2007 Achievements

Racing — MotoGP and Superstock World Champions

Sales — Broke through the threshold of 40.000 bikes of registrations

Financial — Remarkable improvements in revenues, profitability and net debt

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2007 preclosing overview

Guidance (as of September 2007)	As of today	Cap. Incr. Plan
+30% revenues growth vs 2006	+ 31%	+15%
EBITDA 13% of sales	on target	12%
Positive Net income	on target	break-even
Net debt reduced	11€m	62 M€

2007 results over-deliver the historical performance and the committed guidance and are one year ahead of the capital increase plan

Historical
Results

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Sell-out and sell-in

2005-2007 Sell-in and Sell-Out (#k)

2005-2007 Dealer Stock (#k, MoFS)

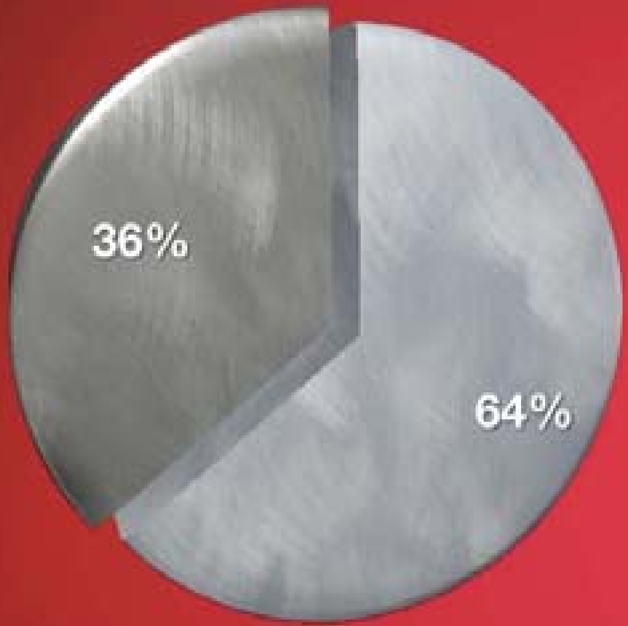
Sell-out outgrew sell-in reducing the quantity and improving the quality of dealer inventory

Sell-out by capacity

2006 Sell-Out by displacement (#k)

Tot: 35.3k

>750cc   <750cc



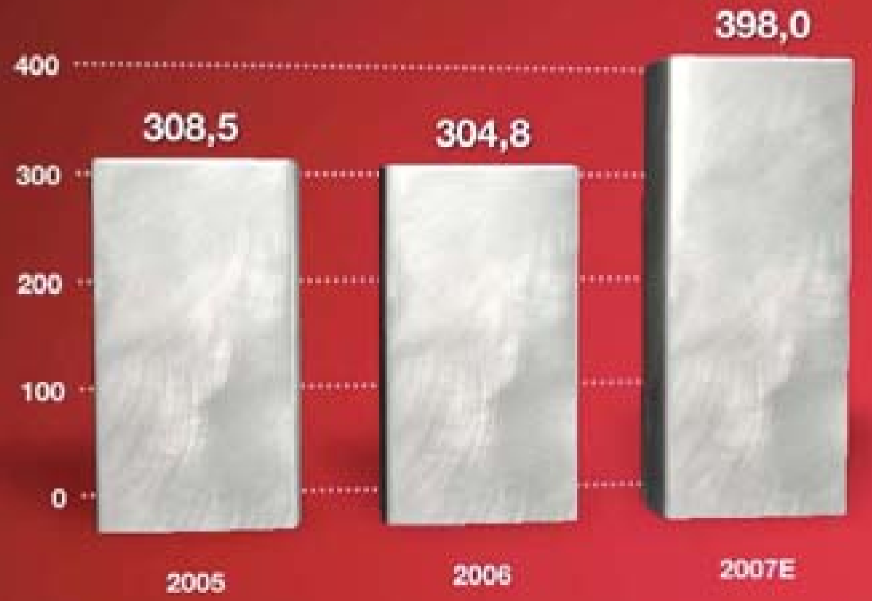
2007 Sell-Out by displacement (#k)

Tot: 40.8k

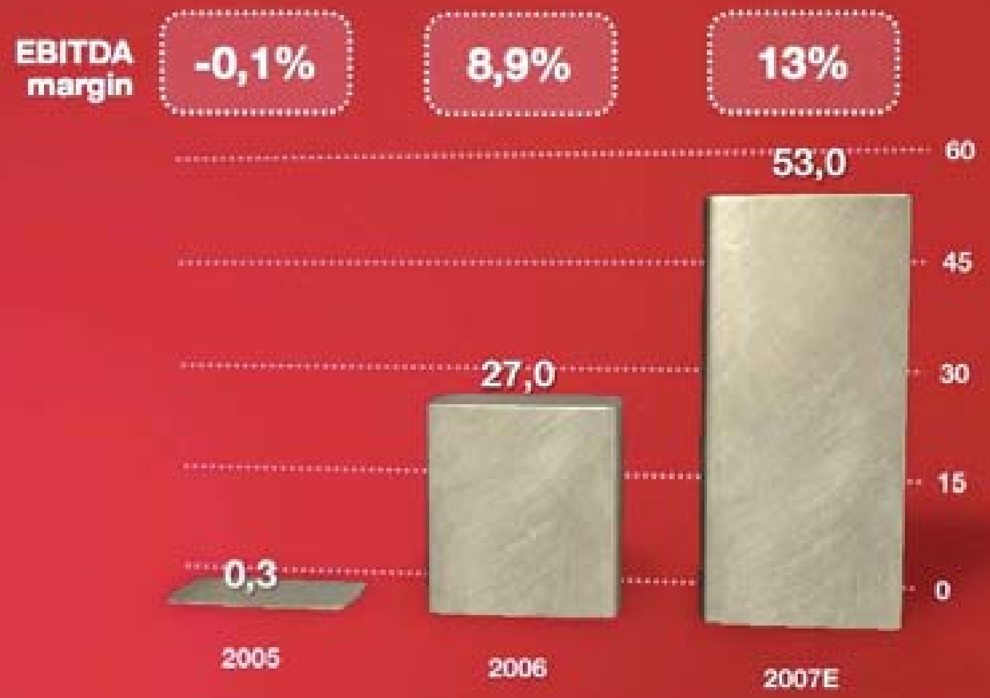
Mix improvement towards higher displacements bikes

Historical results

2005-2007 Revenues (€m)



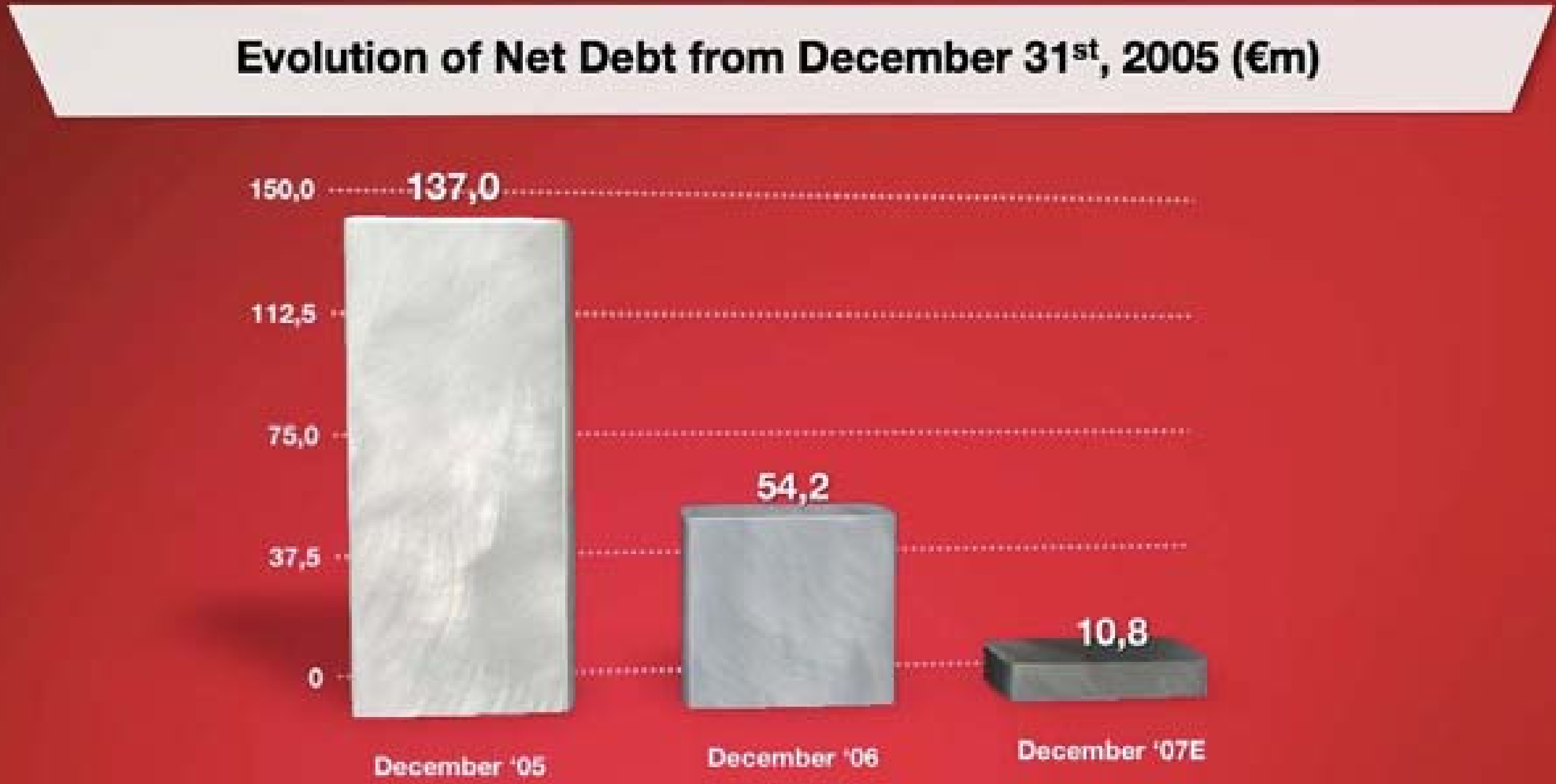
2005-2007 EBITDA (€m)



After some tough years ending with 2005 poor results mainly due to unsuccessful product acceptance and inadequate focus on the mission, the change of control in early 2006 brought a new strategic vision reflected in a restructuring plan which started bearing results in 2006

Note: historical results IAS compliant

Historical results



Net Debt improvement mainly reflects:

operating profitability improvement due to restructuring plan optimization of working capital due to improvement of credit control policies and inventories

Note: historical results IAS compliant

Net Debt improvement

The improvement of Net Debt, excluding capital increase is mainly due to EBITDA generation and Working Capital reduction

Note: historical results IAS compliant

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Business plan key strategic guidelines

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What went wrong in the past and lessons learnt

Issues

Product Mix and Margin Deterioration

Inadequate Network Development

Lack of solid industrial key processes

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What went wrong in the past and lessons learnt

Issues

Product Mix and Margin Deterioration

Causes

- Lack of product-cycle management (i.e. Monster not renewed for 15 years, long product development lead times)
- Inadequate ability to understand customer expectations resulting in a decline of Superbike sales (from 12,500 units in 2002 to 5,000 in 2006) and too many entry level bikes with low margin (3 models up to 2005)
- Substandard product quality, measured and perceived by the market

Actions already implemented since change of control

- Introduction of a new interfunctional product development process
- Better coordination among marketing, design and engineering resulting in the successful introduction of a new Superbike line
- Focus on quality, resulting in the reduction of the warranty cost

What went wrong in the past and lessons learnt

Issues

Inadequate Network Development

Causes

- Specific organizational issues in North America (subsidiary moved resulting in a decline of registration by 40%)
- Emphasis on “push” instead of “pull”

Actions already implemented since change of control

- Ongoing branch strengthening
- Reduction of dealer inventory

What went wrong in the past and lessons learnt

Issues

Lack of solid industrial key processes

Causes

- Predominance of local components sourcing
- Inefficient planning process causing misalignment between orders request and production plan
- Poor IT systems to support management decisions and monitor performance

Actions already implemented since change of control

- Global sourcing project kicked off
- Centralization of sales forecast and inventory management and better coordination between Subs and HQ
- Appointment of a new IT manager

What went wrong in the past and lessons learnt

Issues	Causes	Actions already implemented since change of control
Product Mix and Margin Deterioration	• Lack of product-cycle management (i.e. Monster not renewed for 15 years, long product development lead times)	• Introduction of a new interfunctional product development process
	• Inadequate ability to understand customer expectations resulting in a decline of Superbike sales (from 12,500 units in 2002 to 5,000 in 2006) and too many entry level bikes with low margin (3 models up to 2005)	• Better coordination among marketing, design and engineering resulting in the successful introduction of a new Superbike line
	• Substandard product quality, measured and perceived by the market	• Focus on quality, resulting in the reduction of the warranty cost
Inadequate Network Development	• Specific organizational issues in North America (subsidiary moved resulting in a decline of registration by 40%)	• Ongoing branch strengthening
	• Emphasis on "push" instead of "pull"	• Reduction of dealer inventory
Lack of solid industrial key processes	• Predominance of local components sourcing	• Global sourcing project kicked off
	• Inefficient planning process causing misalignment between orders request and production plan	• Centralization of sales forecast and inventory management and better coordination between Subs and HQ
	• Poor IT systems to support management decisions and monitor performance	• Appointment of a new IT manager

Lessons learnt from what went wrong in the past have been addressed in the 2008-2010 Industrial Plan

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Equity statement

Mission

Ducati is a **Premium Brand…**

…which conceives and produces **sport motorcycles…**

…with exclusive **Italian design…**

…distinctive features and superior performance…

…proven on the **racetracks** all over the world…

Key objectives

Stay true to the mission consolidating the worldwide leadership in the premium sport motorcycles segment

Focus on product development and lifecycle management

Focus on premium price, margins and organization efficiency to deliver improved financial results

Develop the distribution network and widen the customer base

Exploit the brand potential with benefit of related products sales and licensing

Key business plan assumptions

Driver	Plan assumption
Growth	Only internal growth factored
Product line-up	• 3 new models per year, 4 new models in 2010 • Keep complexity under control by limiting the number of versions • Only one entry price bike
Sell-out/Sell-in	Move from a "push" to a "pull" marketing policy
Prices	• Premium price strategy on new models • No price increase on current models
Capex	€40m per year across the plan period
Working Capital	Working Capital growing at a lower rate than revenues
Racing Cost	Below 1% of revenues
Forex	€/USD exchange rate: 1.50 in 2008, 1.45 in 2009 and 1.40 in 2010

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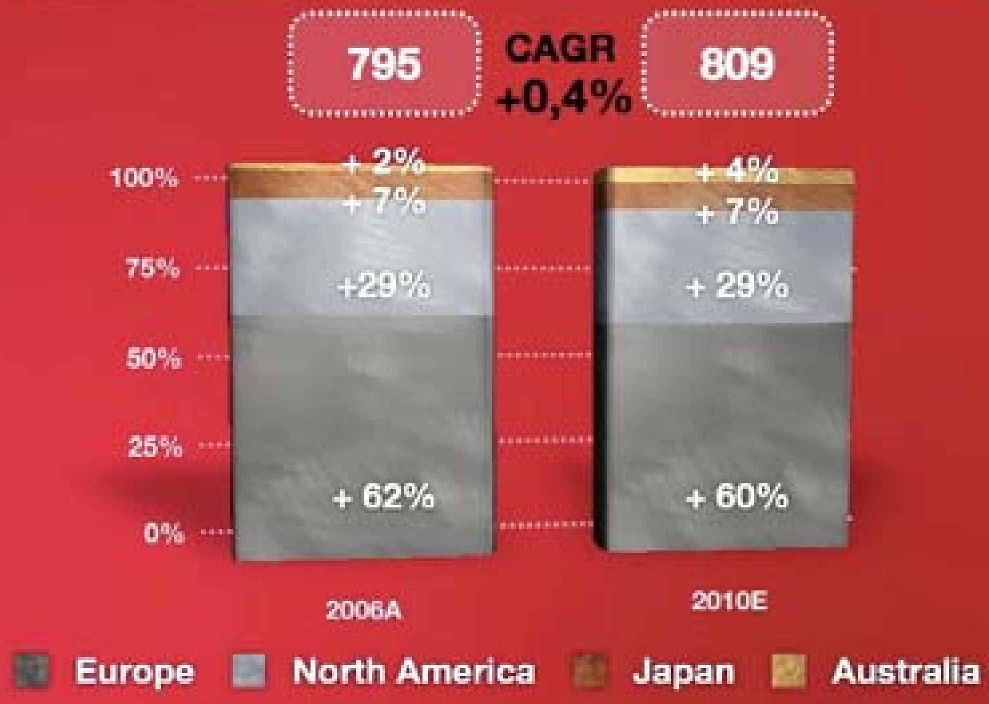
Market overview

Ducati operates in the premium niche of the market mainly driven by product characteristics and emotional experience thus more resilient to economic and market downturns

2006 – 2010 DRM* by displacement (#k)

Shift in client demand from lower to higher displacements

2006 – 2010 DRM* by geography (#k)



Market forecasted to be stable. Emerging markets are not included, leaving space for further growth

* Ducati Relevant Market (motorcycles > 400 cc)

Business plan
key financials

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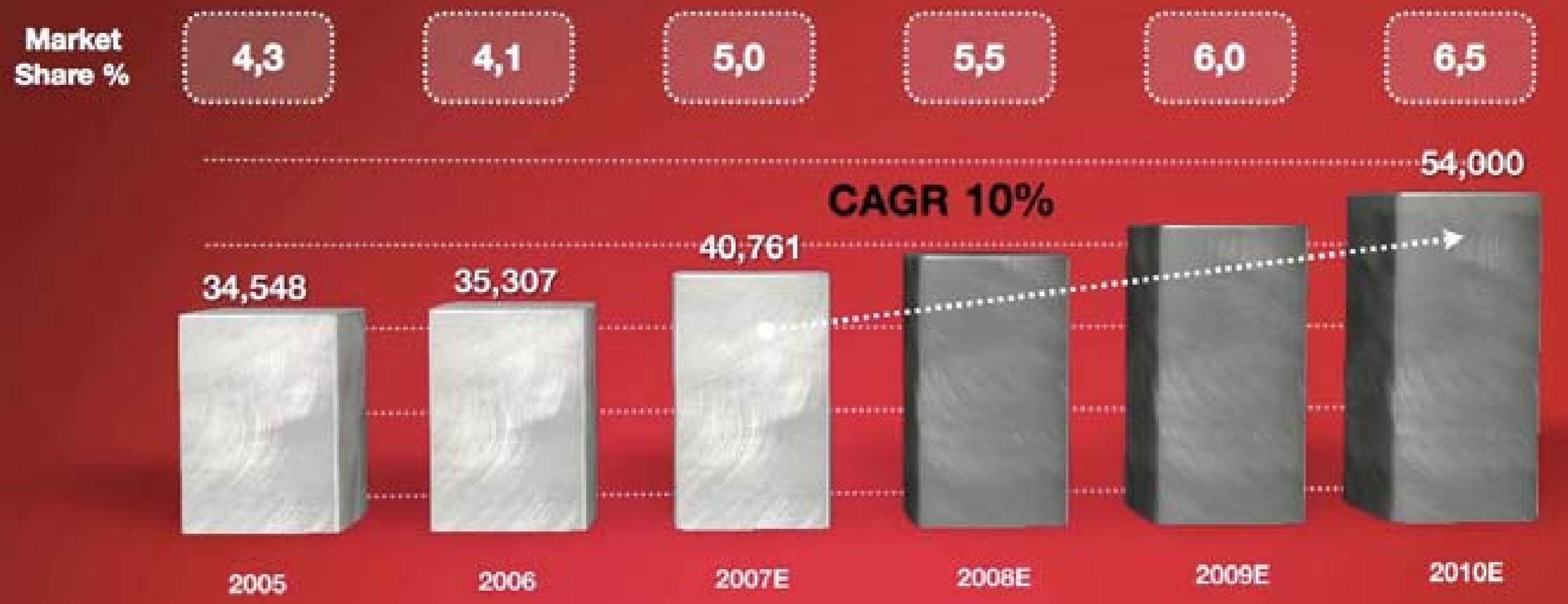
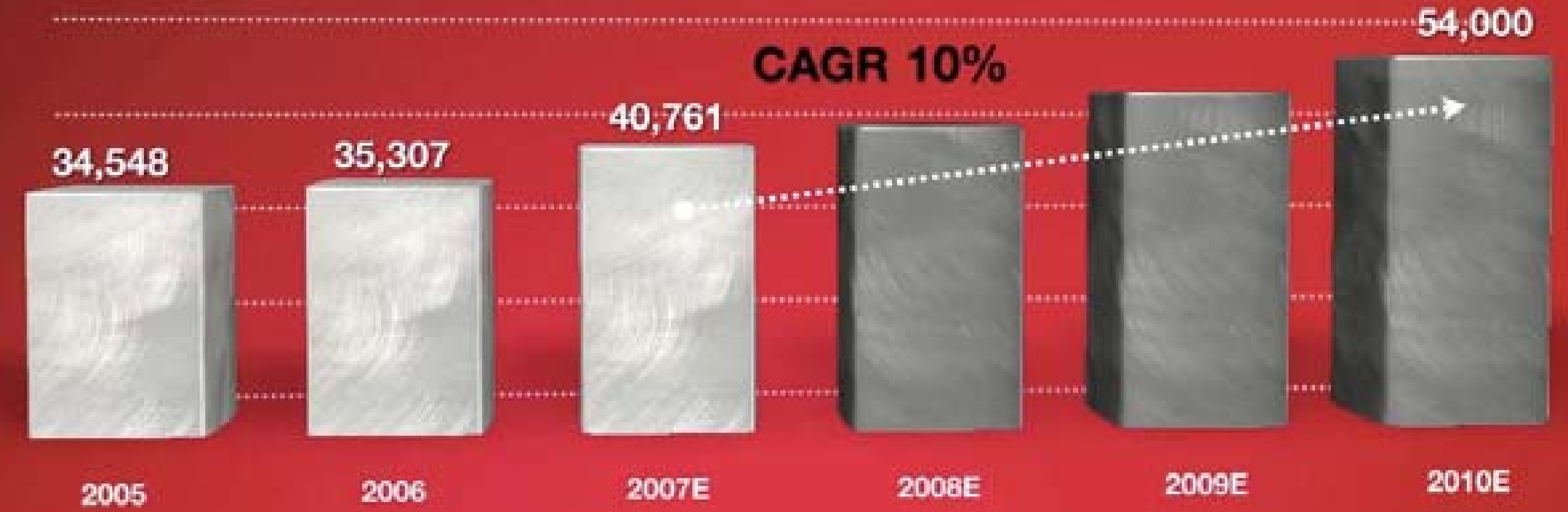
Sell-out historical and expected figures



Sell-out historical and expected figures

We forecast to recover year 2000 market share by 2009 and to improve it from then onwards

Sell-out historical and expected figures

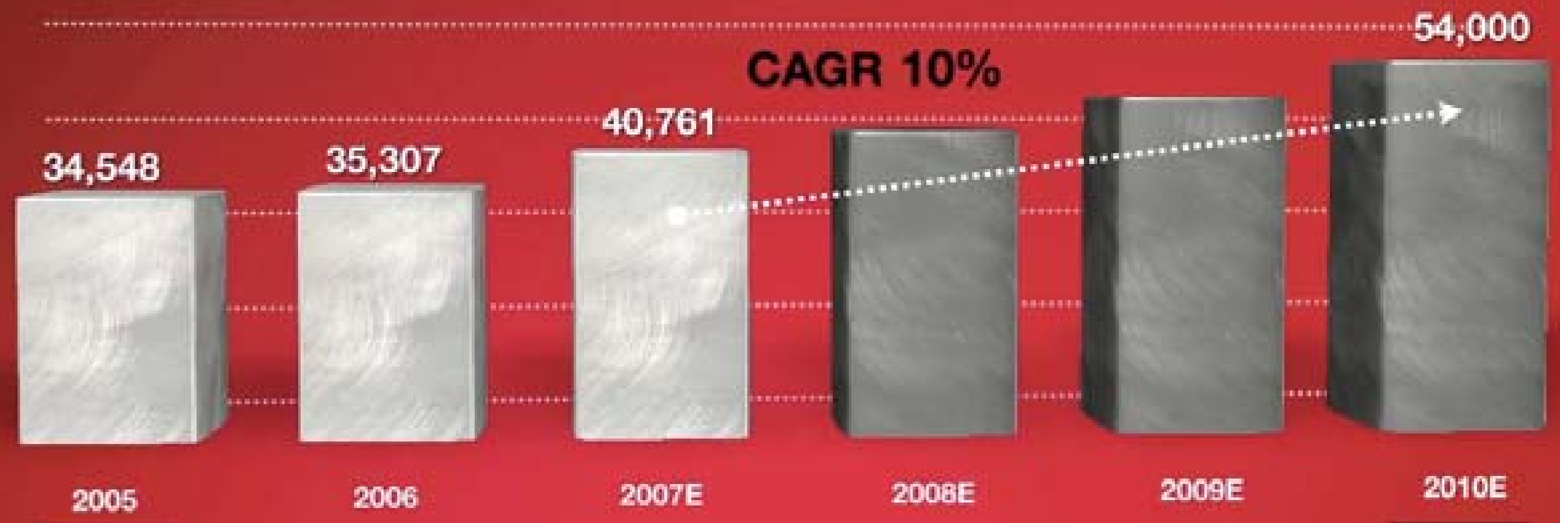


Dual	15%
Naked	50%
Superbike	28%
Sport Touring	7%

	30%
Dual	40%
Naked	30%
Superbike	

A more balanced product portfolio

Sell-out historical and expected figures



2005

Distributors	17%
JAP	8%
US	20%
ITA	28%
European Subs	27%

2010E

Distributors	22%
JAP	6%
US	25%
ITA	24%
European Subs	23%

Sales breakdown by region assumed to remain stable
More balanced product portfolio

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Key P&L business plan targets

Key indicators	2006A	2007E	2008E	2010E
Revenues	305 €m	+31%	+15%*	+10%**
EBITDA margin	8,9%	+13%	+15%	+20%

*) 1y growth vs. 2007
**) 3y CAGR vs. 2007

Continuous Revenue growth over the Business Plan period mainly driven by the introduction of new bikes, market share performance improvement and related products sales growth

More than proportional EBITDA growth mainly thanks to product mix and price improvement, lower direct costs and a fixed cost absorption

Key P&L business plan targets

Key indicators	2006A	2007E	2008E	2010E
Net Debt / Equity	28%	5%	Break-even	Cash positive since 2009
ROE	Negative	Positive	+10%	+15%

Cash improvement thanks to EBITDA increase together with working capital and Capex tight control

Significant increase in ROE mainly thanks to improvement in volumes and margins

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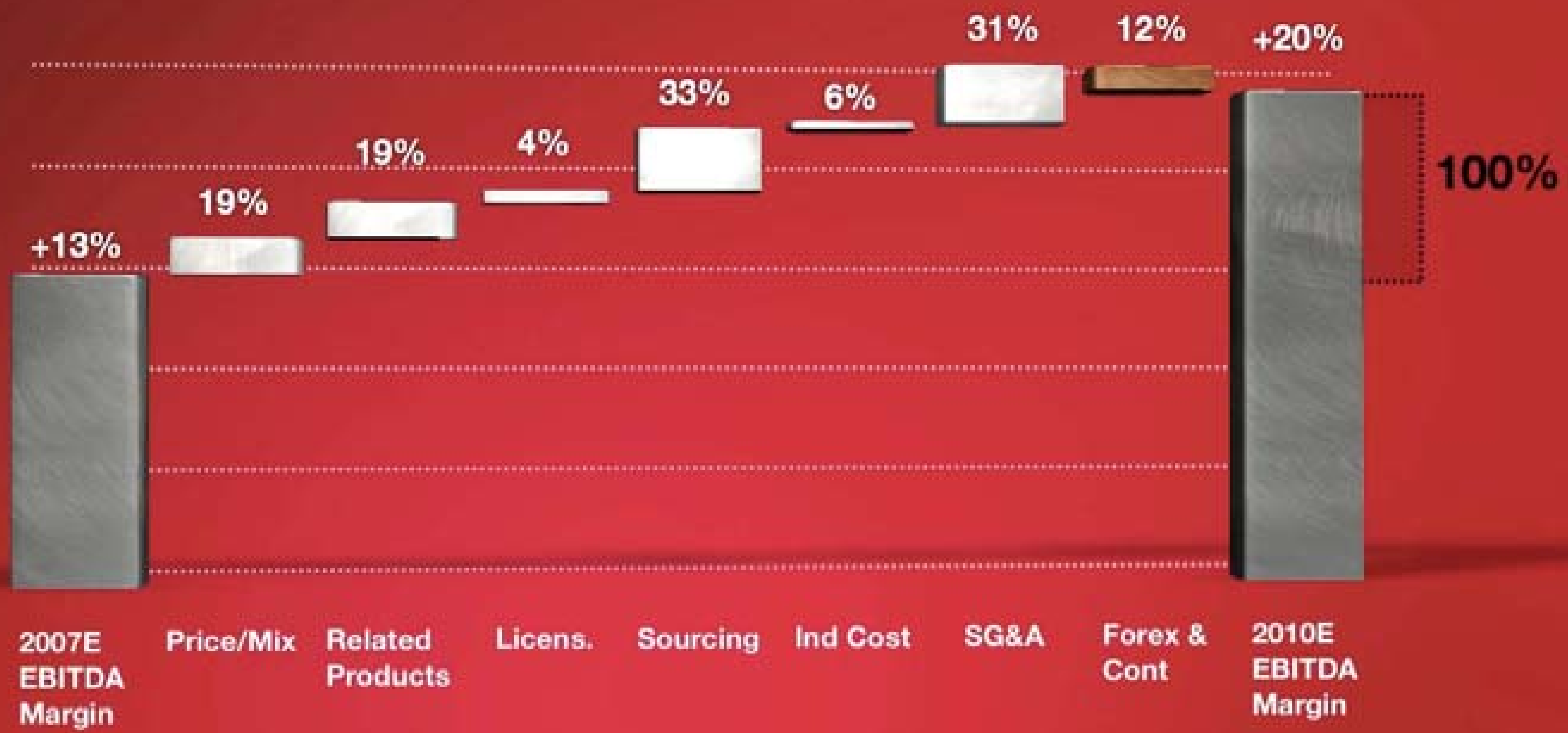
2007 – 2010 Revenues bridge

2007-2010 Revenues growth mainly driven by an increase in volume and related products

2007 – 2010 EBITDA bridge



2007-2010 EBITDA Margin growth mainly driven by better sourcing and absorption of SG&A costs

Capex evolution over the Business Plan period

- **Cumulated Capex over the period 2008 - 2010 approximately equal to 40 €m/year supporting the growth and focused on new product introduction which accounts for almost 80%**
  of totale Capex:
  - Product development, equal to approx. 53-54% of total Capex;
  - Industrialization activities, equal to approx. 23% of total Capex
- **Investments in IT platforms are budgeted to allow the implementation of an integrated ERP and BPM system for all the Group**
- **In the period 2008 – 2010 yearly Capex / Revenues ratio will decrease from 9% to 7%**

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Product portfolio constant innovation

Product portfolio strategy

1

Rationalize and manage the product life-cycle through a cross-functional cutting edge product development process

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Product portfolio strategy

2

Product design strictly focused on **"authentic, agile, sexy and sporty bikes"**, in line with what we call "Reduce to the Max" product brief

Product portfolio strategy

3

Further improve quality, design to value and design to customer

Product portfolio strategy

4

Reinforce engineering organization to secure product introduction and quality targets and to be ready to increase the number of product launches from 2011

Product portfolio strategy

5

Simultaneous and timely development of **bikes, accessories and optionals** to enrich the offer from the start of sales

Product portfolio strategy

2008

3 new models

2009

3 new models

2010

4 new models

2006 - 2007 product launches

MY 2007 launches

Sport Large Segment

Sport Large Segment

Dual Large Segment

MY 2008 launches

Naked Small Segment

Sport Large Segment

Sport Small Segment

Successful products introduction over 2007 and positive market acceptance of product launched for 2008 constitute a solid platform for business plan objectives

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2006 - 2007 product launches

1098

“It has been designed by the racetrack”

Engine Type: L-Twin cylinder,

4 valve per cylinder Desmodromic, liquid cooled

Displacement: 1099 cc

Power: 160hp - 119.3kw @ 9750rpm

Dry weight: 173kg / 381lbs

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2006 - 2007 product launches

Desmosedici RR

"A dream come true: the D16 RR is the first and unique Moto Gp replica"

Engine Type: L-4 cylinder, liquid-cooled, DOHC, Desmodromic, 4 valves per cylinder, gear driven camshafts

Displacement: 989 cc

Power: 147,1 kW – 200 hp @ 13.800rpm

Dry weight: 171 Kg /377 lbs

2006 - 2007 product launches

Hypermotard

"Two wheels, one purpose: to thrill"

Engine Type: L-Twin cylinder, 2 valve per cylinder

Desmodromic, air cooled

Displacement: 1078 cc

Power: 90hp - 66kw @ 7750rpm

Dry weight: 179kg /394 lbs

2006 - 2007 product launches

Monster 696

“The new Ducati Monster 696 is the next generation naked and the final word in urban excitement”

Engine Type: L twin cylinder, 2 valve per cylinder

Desmodromic, air cooled

Displacement: 696 cc

Power: 58.8 kW - 80 HP @ 9000 rpm

Dry weight: 161 Kg / 355 lbs

2006 - 2007 product launches

1098R

"The lightest and most powerful twin-cylinder bike of all time

Engine Type: L-Twin cylinder, 4 valve per cylinder Desmodromic, liquid cooled

Displacement: 1198cc

Power: 180hp - 132.4kw @ 9750rpm

Dry weight: 165kg / 364lbs

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2006 - 2007 product launches

848

"As agile and light as a Supersport, as powerful as a Superbike"

Engine Type: L-Twin cylinder, 4 valve per cylinder Desmodromic, liquid cooled

Displacement: 849cc

Power: 134hp - 98.5kw @ 10000rpm

Dry weight: 168kg / 370lbs

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Leveraging on Brand Potential

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Brand potential

Ducati is an iconic and global brand, recognized ambassador of "made in Italy" with distinctive characteristics over and beyond the motorcycle sector

Heritage

A legend in the motorcycle industry which traces a long history from the days of the "Cucciolo" to the glory of the Superbike & MotoGP today

Racing Results

2007 MotoGP World Champion (the only european manufacturer after 34 years of japanese dominance), 14 Superbike World Championships, over 250 racing victories, many other local Championships won

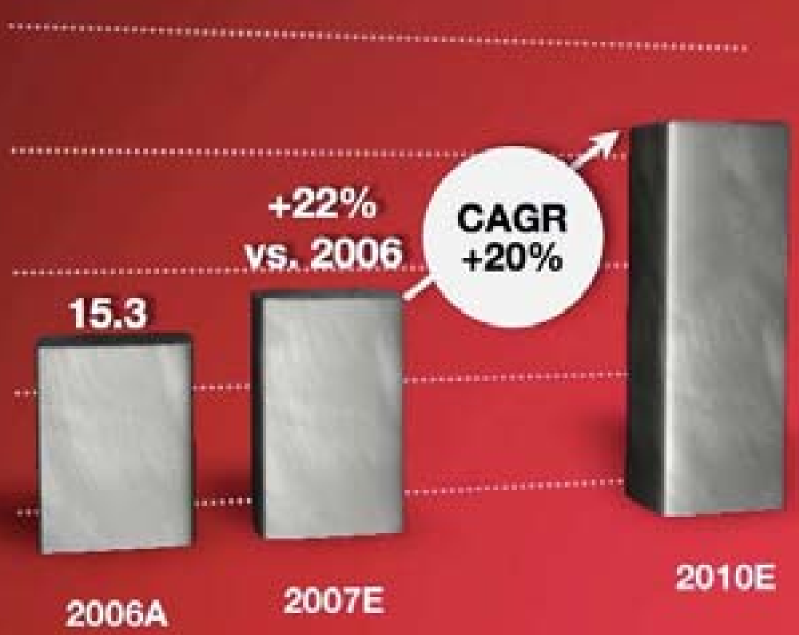
Community

40,000 yearly visitors at the Museum and factory, 14 million website visitors, 215 Ducatisti Clubs with more than 50,000 active members, thousands of sport fans all over the world

The outstanding racing results, the unique heritage and the global brand awareness, testified by many VIPs joining the Ducati experience, constitute the ideal platform to boost the Apparel and Licensing revenues outpacing bike revenues accelerating EBITDA margin

Apparel & licensing business

Apparel Revenues (€m)



Licensing Revenues (€m)

Both businesses will be re-organized as profit centres with clear objectives and responsibilities

The Brand communication activities will be re-enforced outside the industry

Apparel growth will be mainly driven by product and collection entering new segments

Licensing activities will be expanded to new product categories and segments (i.e. perfumes, watches, automotive, telephones, …)

Development of the Distribution Network

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Development of the distribution network

Wholesale

Country Subsidiaries *(I, UK, D, F, US, J, NE)*

- Ducati Stores remain our preferred distribution channel, if justified by volume and potential
- Add about 60 new Ducati Stores with an overall minimum increase of 30 new points of sales

Country Importers *(67 Countries)*

- Invest in future growth by initiating and developing the presence in BRIC Countries
- Increase influence and co-operation with distributors to fully exploit market potential

Appoint the new Network Development manager
Implement a Ducati dealer identity program modernizing the image of the points of sales
Develop an internet base dealer communication system (DCS)

Nurture the loyalty and expand the customer base

RELATIONSHIP

Investment to enhance the relationship among Ducati, dealers and customers through:

- *CRM programs*
- *Extensive dealer training*
- *Customer Satisfaction Index - Prospect Satisfaction Index tools*

PRODUCT

Continuous improvement of product quality, measured and perceived, based on solid achievements:

- *Warranty costs decreased by 37% in the last two years*
- *Maintenance cost decreased by 50% in the last two years*

SERVICE

Further improvement of responsiveness of after sales network in terms of:

- *Trained and skilled personnel*
- *Implementation of state-of-the-art after sales workshops*

Cost Optimization

Procurement optimization

Project

Optimization of direct procurement activities:

- *Consolidation of purchasing activities among parts, accessories & components and involvement of purchase department in the product development process.*
- *Leverage on purchasing volume increase with suppliers*
- *Move from predominance of local components sourcing to global sourcing. Setting up of dedicated team of engineers and buyers.*

Target

- *Reduction of direct materials cost*
- *Optimization of logistic flow*
- *Start moving away from € denominated purchases to wider range of currencies*

Capex

- *Cumulated Capex over the period 2008 - 2010 approximately equal to 7 €m*

Direct material cost weight on revenue will pass from 54% on 2007 to 50% on 2010

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Improvement of production efficiency

	Assembly Plan	Mechanical processing
Project	• *On-going optimization of assembly activity with reference to vehicle and engine* • *From 2008 two new assembly lines with electronically controlled tools to improve ergonomy and capacity*	• *Evolution of mechanical processing keeping core competencies in-house*
Target	• *Reduction of "cycle time"* • *Quality and capacity improvement* • *Reduction of plant obsolescence*	• *Aluminium selected activities outsourcing over the BP period* • *Steel: investments aimed to maximize automatization, processing quality and efficiency and to extend the number of machining hours*
Capex	• *Cumulated Capex over the period FY2008-FY2010 approximately equal to €3m*	• *Cumulated Capex over the period FY2008 – FY2010 approximately equal to €8m*

Production capacity will be raised slightly over plan sales volumeswhile Capex will be kept under control thanks to machining outsourcing

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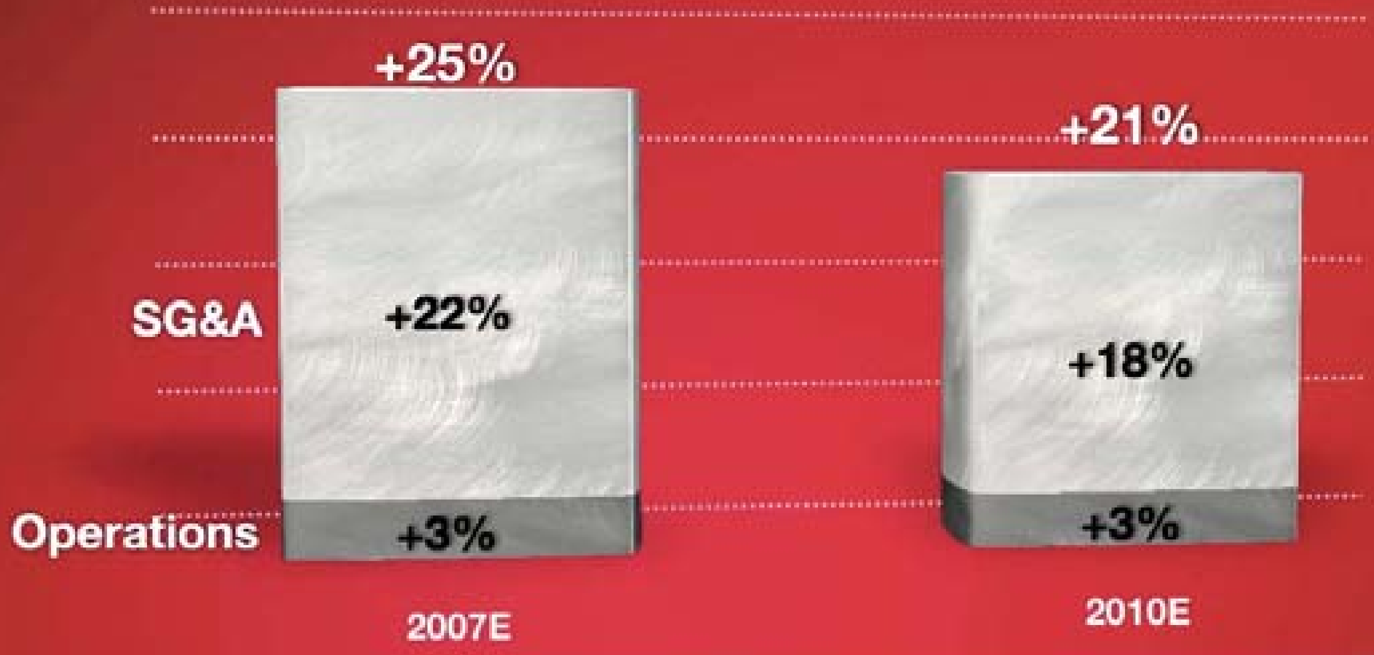
Reducing fixed costs

2007-2010 Fixed Cost % on Revenues



SG&A costs to decrease by approx. 4 p.p. on revenues in 2010 leveraging volume increase

While revenues grow, costs will be kept under control with investment centred on Network, Customer processes and Promotion

Corporate Reorganization

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Key guidelines

Structure reorganization / rationalization through **corporate streamlining**: consolidate Ducati Retail, exit Ducati Consulting, deconsolidate Fondazione in the premium sport motorcycles segment

Hiring of new selected **key people** in specific areas (i.e. Marketing, IT and Quality)

Selective management **incentive** and **retention plans**

Conclusions

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Ducati is a winning Company
both on the racetrack and in the market

Outstanding brand identity and recognition, rich in heritage and consumer appeal

Premium price products driving Revenues growth

Unique R&D and engineering competencies

Rapidly improving profitability and tight costs control

Sustainable Business Plan with challenging but reachable targets


DUCATI
Superior performance Company, accelerating profit
with the best yet to come

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2008 - 2010
Industrial plan

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Milan, January 16th 2008

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