

# CASE STUDY: Ducati globalisation of a great brand



The 1199 Panigale marks another milestone in Ducati's rich R&D history

“The combination of a great brand such as Ducati and a reliable industrial and financial partner such as Investindustrial, has allowed the company to become an undisputed leader in the motorbike industry. It is a great honor for me to manage a company that since 2007 has increased its margins by more than 40%, more than doubled its market share and developed 17 new models. Ducati today is ready to capture global growth opportunities with a particular focus on the emerging markets”.

Gabriele Del Torchio,  
CEO  
Ducati



Ducati 2011 Ebitda Margin

▶ 19.7%

Developments since entry:

Sales growth	57%
Ebitda growth	249%
Ebitda Margin growth	123%

Investindustrial has implemented a successful operational turnaround in Ducati and has significantly improved the company's profitability and strengthened its international footprint.

Ducati (www.ducati.com) is a leading manufacturer of sports and performance motorcycles. The company sells motorcycles throughout the world and operates a global network of distributors and direct shops in Italy, the US, France, Germany, the UK, Japan, China, India and the Benelux countries. Ducati produces and sells approximately 42,000 motorcycles per year and has approximately a 11% market share in the sports motorcycle segment.

In March 2006, Investindustrial led the acquisition of 29.9% of Ducati. In December 2008, as a result of the tender offer launched in April 2008, Investindustrial and its co-investors increased their shareholding to 100% and the company was subsequently delisted.

Ducati was identified as a company in need of refocusing and an ideal opportunity to further develop a strong, well known brand.

Together with an experienced management team, Investindustrial has been able to significantly increase profitability by investing in research and development, improving working capital, streamlining production, implementing cost cutting actions and developing a more suitable sales mix.

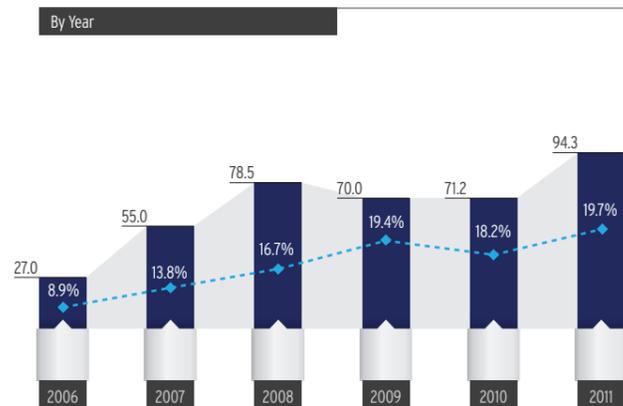
These actions enabled Ducati to weather the economic downturn well and to more than double its market share over the last five years. Ducati reinforced its distribution network and further enlarged its international footprint: new exclusive stores and multi-franchise dealers were opened and the company also reinforced its presence in selected emerging markets.



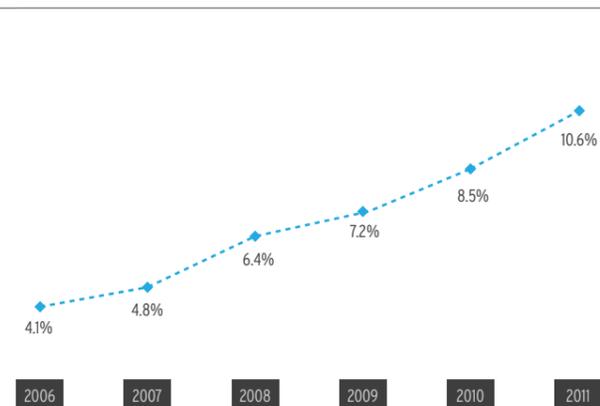
The new 1199 Panigale S Tricolore was presented in November 2011 at the EICMA International Motorcycle Show in Milan

► Strengthening of profitability and market leadership

Ebitda (€ m) and Ebitda Margin (%)



Ducati Global Market Share (%) (Sport performance motorcycles)



The success of the development strategy can be read in the 2011 results: despite a market decrease of 10%, Ducati registered an increase in the number of motorbikes sold of 13% resulting in a 25% increase in market share during 2011. Ducati is also continuing to consolidate its profitability, reaching an Ebitda Margin of 20% in 2011 compared to 9% at entry

► An internationally recognised leadership in product innovation

Readers of the prestigious German magazine "Motorrad", one of the highest selling magazines in Europe, awarded Ducati "Best Motorcycle of 2012" in three different categories. Over 39,000 readers voted in Motorrad's 14th edition of "Motorcycle of the Year", an increase of 11,000 over 2011 and further indication of the international interest generated by Ducati.

Ducati was the most successful manufacturer at the award ceremony, winning three of the eight main categories: Best Sport Motorcycle (1199 Panigale), Best Naked Motorcycle (Diavel Cromo) and Best All-Rounder (Multistrada 1200 S Touring).

► Focus on capturing global value creation opportunities

In the current market environment Ducati has shown both its resilience and the ability to expand its market share. The company is focused on capturing further growth opportunities through a number of global actions that the management is currently implementing:

**Continuous expansion of product offering**

Since 2007 Ducati introduced 17 new models. After the successful launch of the Multistrada in April 2010, Ducati launched the Diavel in November 2010 to enter the high performance sport cruiser segment. The Diavel has been a great success to date with a 34% market share in the sport cruiser segment at the end of 2011. In November 2011 Ducati launched the 1199 Panigale which was presented at the latest EICA International Motorcycle Show in Milan and was awarded "Most Beautiful Bike of Show".

**Opening of new production facilities**

A factory in Thailand was recently opened in order to capture cost production benefits and sales potential in the Asian markets. The new manufacturing plant is expected to generate

additional volumes of approximately 8,000 bikes by 2015. Furthermore Ducati has reached an agreement with Dafra to assemble motorbikes in Brazil in order to capture cost production benefits and sales potential in the Latin America markets. The agreement is expected to generate additional volumes of approximately 5,000 bikes by 2015.

**Expansion of commercial presence** with particular focus on emerging markets (China, India, Thailand, Vietnam and Brazil). These markets represent a unique opportunity for the company. Ducati's relevant market in Asia is expected to grow from approximately 8,000 units to 120,000 units by 2015. In 2011 Ducati in Asia (excluding Japan) showed a growth of 73% versus 2010. Ducati's current relevant market in Brazil is approximately 40,000 units and is expected to grow to 60,000 units by 2015.

**Strengthening of co-branding initiatives**

During 2011 Ducati continued to develop significant brand alliances with leading players in their respective fields such as Xerox, Tudor and Tumi.



The new manufacturing plant of Ducati Motor (Thailand)



From left: the Multistrada 1200 S Touring (Best All-Rounder), the 1199 Panigale (Best Sport Motorcycle) and the Diavel Cromo (Best Naked Motorcycle)

Examples of Ducati brand alliances (Tudor, Tumi, Xerox)