

Harley's MV Agusta Unveils New Models

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NEW YORK (AP) — Italian motorcycle maker MV Agusta Group unveiled its first new models in 10 years on Monday, saying its purchase by motorcycle giant Harley-Davidson Inc. last year is beginning to pay off.

The two new bikes — new versions of its Brutale sport bikes — are geared toward younger, affluent riders interested in MV Agusta's sporty performance rides. The 2010 Brutale 990R has a 990 cubic-centimeter engine and will be priced at \$15,000 when it goes on sale in the U.S. at the end of this year or early next year. The 2010 Brutale 1090R has a more powerful engine and will cost \$18,000.

Larry Ferracci, MV Agusta's director of U.S. operations, said the bikes mark a big step for the once-struggling motorcycle maker. He said the company's acquisition by Harley gives MV Agusta deeper pockets to keep developing new products, several more of which it will roll out soon, though he would not provide specifics.

Ferracci also said the company is looking to expand its U.S. dealer base from the 40 it has now to 50 or 55 in the next 12 to 18 months.

Milwaukee-based Harley-Davidson bought MV Agusta last July for \$109 million in a bid to lift its presence in Europe and enter the popular performance bike segment. Sport motorcycles typically focus on performance and speed over comfort, requiring riders to lean forward. Heavyweight motorcycles like Harley's popular touring bikes are heavier and allow riders to sit upright, allowing for more relaxed riding.

Sport bikes are popular among younger motorcycle riders, particularly in Europe — both markets that Harley has been trying to tap to help combat falling sales. Harley's customer base is primarily U.S. baby boomers, many of whom have been hit hard by the housing crisis and the troubled financial markets.

Harley has enjoyed growing appeal overseas in recent years. In 2008, its motorcycle shipments in the U.S. fell 15 percent to 206,300 units while international shipments climbed 9 percent to 97,000. Last month, Harley announced its entry to the motorcycle market in India, where it says a rising affluent class is showing interest in heavyweight cruisers.

"It's a diversification move," Van Conway, president of the turnaround firm Conway MacKenzie Inc., said of Harley's MV Agusta acquisition. "It's something I think Harley has to do in terms of entering more segments of the motorcycle than the cruiser motorcycle."

MV Agusta remains a niche player in the motorcycle market. The Varese, Italy-based company shipped 5,800 bikes in 2007 and has a worldwide network of 500 dealers. Harley-Davidson, by contrast, shipped more than 330,000 bikes in the

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same year and has about 1,300 dealers.

MV Agusta's motorcycles range from about \$15,000 to \$25,000, with some special edition bikes running more than \$100,000. Harley-Davidson bikes range from between \$7,000 to about \$35,000 for some high-end models.

Ferracci said although then-private MV Agusta was surviving on its own before it was acquired by Harley, "as the economy changed, there was a need in finding us an acquisition partner." Harley-Davidson said last year MV Agusta had to slow production due to financial difficulties.

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