



Piaggio Group

First Nine Months of 2019 Financial Results

Conference Call | October 30th 2019

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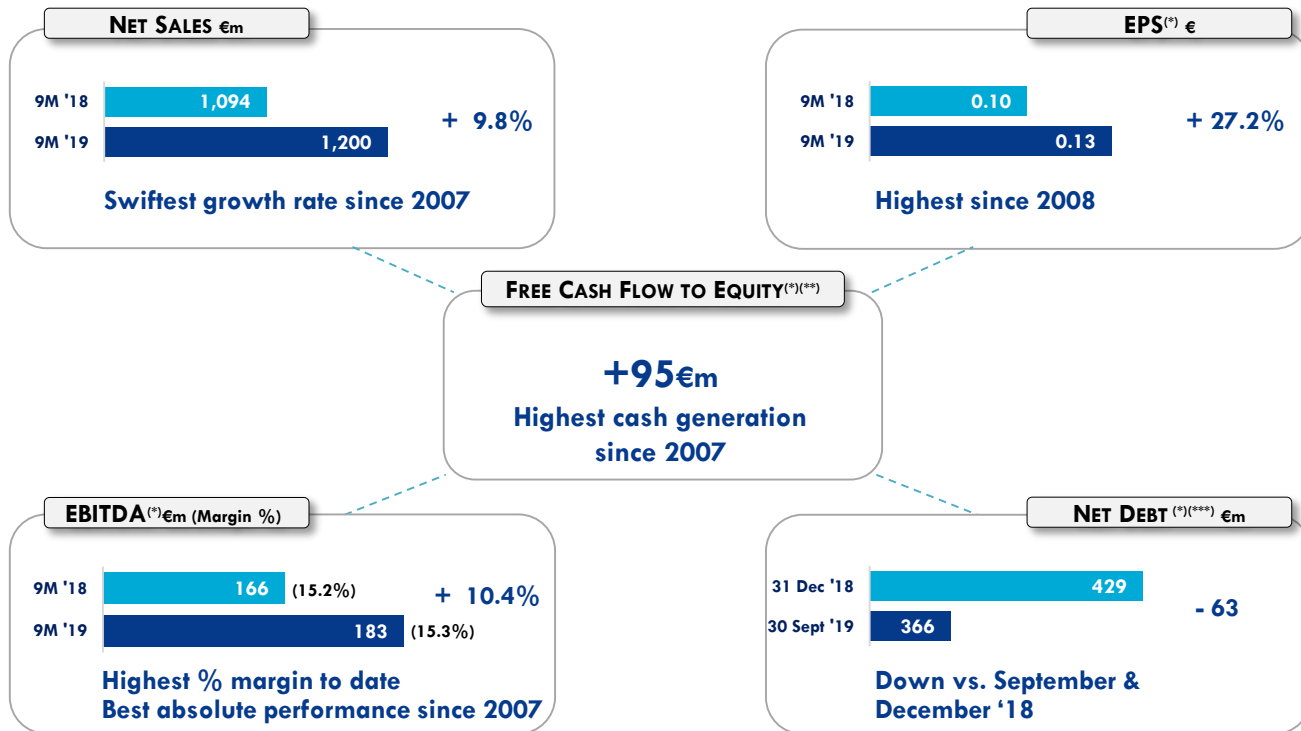
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Foreword – IFRS 16

- Starting from 2019 Piaggio applies IFRS 16
- In this presentation, to provide a better comparison of information from different years, 2019 data are presented also ex IFRS 16

Highlights (1/2)

Outstanding cash generation with all key operating metrics at peak levels, notwithstanding Indian market volatility



* ex IFRS 16 ** Change in net debt minus dividend and buy back *** excluding Sept 2019 interim dividend

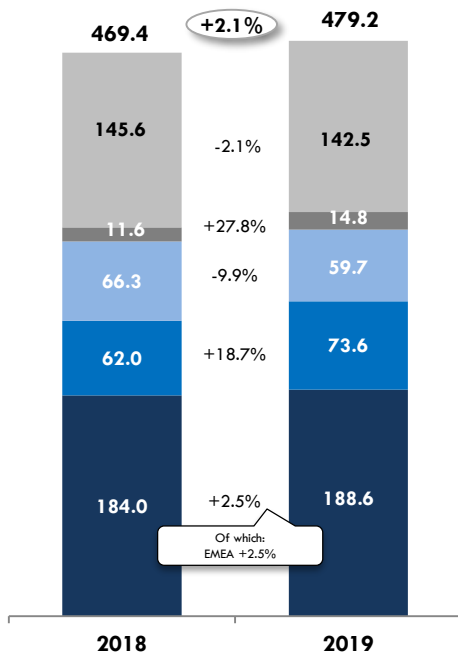
Market demand

Sound European demand partly overshadowed by India prolonged weakness and softening demand trends in Asia Pac

- Western Countries demand grew backed by positive momentum in Europe:
 - European Two Wheelers demand continued the upward trajectory across product and displacement segments:
 - Scooters rose ~9%, with positive trend spread across all countries, mainly drawing strength from 50cc vehicles which ended up ~15%, while over 50cc vehicles rose ~6% against challenging comparison base
 - Bikes confirmed positive momentum growing ~8%, with healthy trend spread across all countries
 - USA Scooters ended down mid single-digit, thus heading towards the sixth straight year of decline
- Asia Pacific kept on posting mixed and overall weakening demand trends:
 - Indonesia ended up low single-digit, reflecting sequentially softer demand trend
 - Thailand edged slightly off prior year, keeping recent quarters muted trend
 - Vietnam ended down mid single-digit, confirming to be the laggard among major markets
- India demand contraction persisted as negative externalities kept on piling up:
 - Three Wheelers ended down by ~7% with Pax segment ending down ~8% primarily compensating for 2018 ~60% upsurge driven by the release of new licenses, while Cargo downward trend accelerated across the period leading demand down ~3% vs. prior year
 - Scooters ended down ~17%, as price hikes linked to new regulations, higher insurance costs and uncertainty on GST cut weighted on costumers' behavior

Evolution by business

Volume evolution by business (k units)



Of which:
EMEA +2.5%

2 Wheelers: ■ EMEA & Americas ■ Asia Pacific ■ India

Highlights

Net Sales grew at the fastest rate to date, with positive contribution of all regions, boosted by widespread significant positive price/mix effect

CV India

Resilient performance, against persistent demand weakness, backed by share gain both in domestic and export markets coupled with sound pricing

CV EMEA & Americas

Strong momentum driven by ongoing synchronized growth in European and export markets

2W India

Market demand slump mitigated by market share gain coupled with positive price effect

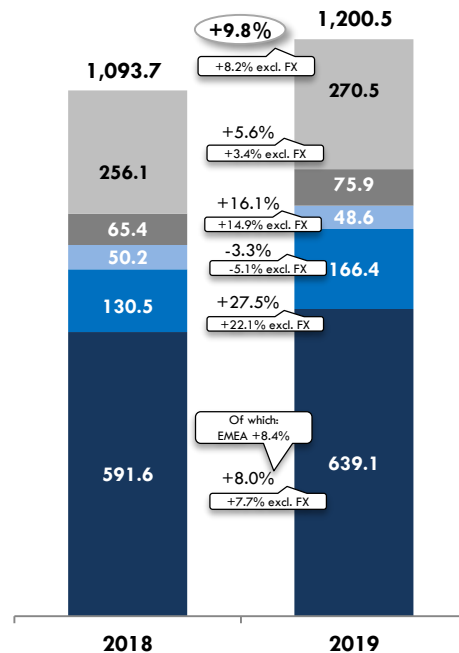
2W Asia Pacific

Outstanding performance, against demand volatility, driven by Indonesia, Thailand and China and ongoing widespread product offering premiumization. Resilient performance in Vietnam, despite heightened competitive intensity

2W EMEA & Americas

European healthy and consistent revenue growth, against significant dealers' stock drawdown, amplified by sound price/mix effect, more than offset US protracted weakness; notably all European major countries ended with revenues on the rise

Net Sales evolution by business (€m)



+8.2% excl. FX

+3.4% excl. FX

+14.9% excl. FX

-5.1% excl. FX

+22.1% excl. FX

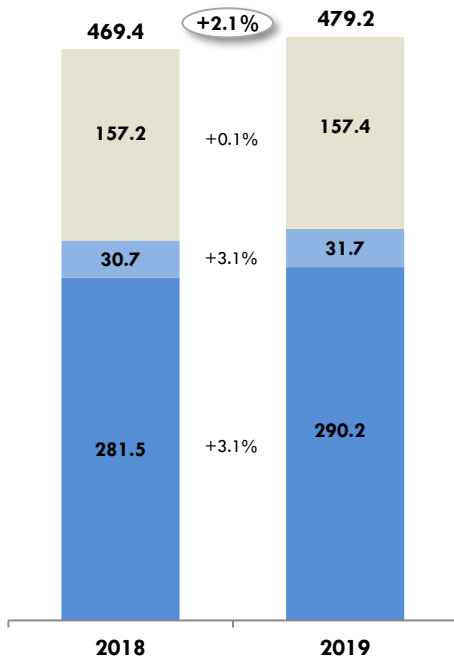
Of which:
EMEA +8.4%

+7.7% excl. FX

Commercial Vehicles: ■ EMEA & Americas ■ India

Evolution by product

Volume evolution by product (k units)



Highlights

Revenues on the rise across all segments. Top brands drove Two Wheelers growth

Commercial Vehicles

Resilient results with EMEA sound performance offsetting Indian persistent market weakness

Bikes

Revenue growth accelerated across the period behind market share gain coupled with the ongoing mix shift towards high value segments. Aprilia on the rise both in volumes and revenues. Moto Guzzi stood out again with revenues surging fueled by the V85TT

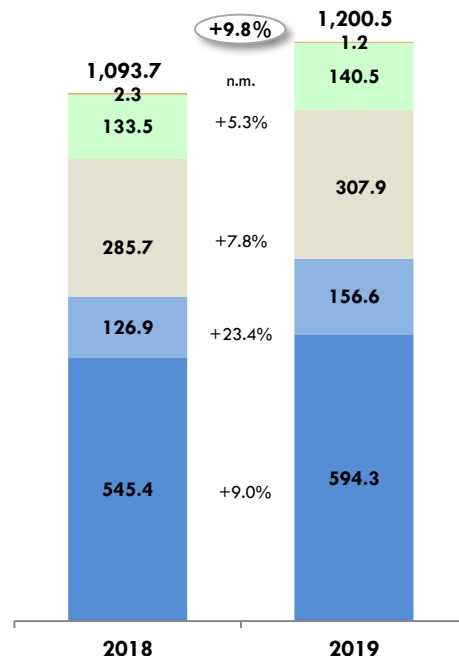
Scooters

Healthy performance, despite Indian downward acceleration.

Top brands kept shining:

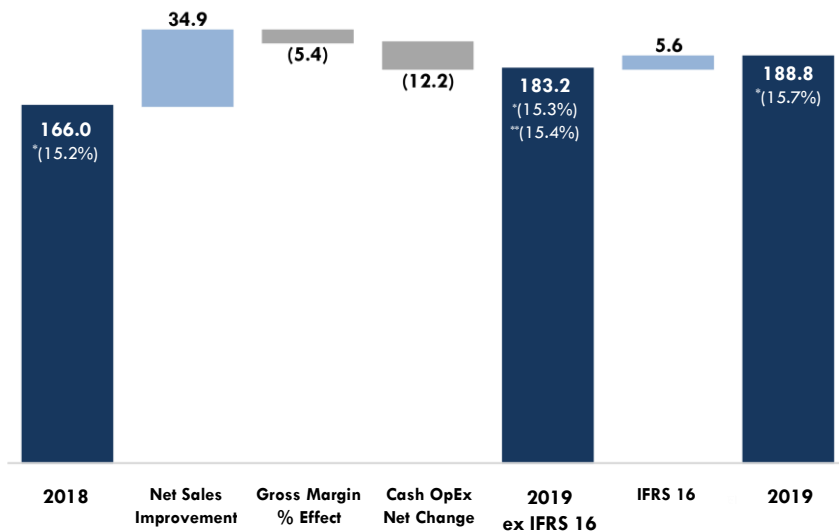
- Vespa posted strong results with revenues up high single-digit boosted by significant price/mix uplift
- MP3 posted sound double-digits volume and revenue growth with positive performance spread across all major European countries, also benefitting from the successful reception of the new 300cc version

Net Sales evolution by product (€m)



EBITDA Evolution

EBITDA evolution (€m)



Highlights

Top line growth coupled with the ability to curb in Operating Expenses increase drove another **EBITDA*** uplift**, on top of challenging comparison base, to **~183 €m with margin on sales*** @ 15.3%** (15.4% @constant forex), **the best performance to date**

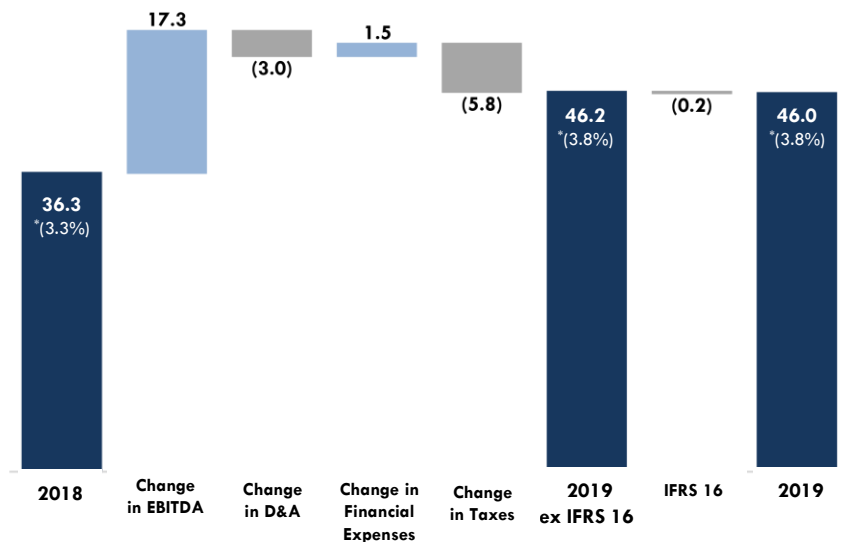
Gross Margin up by ~ 30€m, driven by Net Sales increase largely offsetting the slight dilutive mix effect

Cash OpEx grew, although with a lower weight on sales vs. prior year, **to support business growth**

* % On Net Sales ** Excluding FX Effect *** ex IFRS 16

Net Income Evolution

Net Income evolution (€m)



* % On Net Sales

Highlights

Net Result rose 27% vs. PY, lifting the ratio on Net Sales at 3.8% and EPS at 0.13€, the best performance since 2008

Financial expenses down, in line with full year guidance, primarily driven by lower cost of funding and lower level of average debt

Tax rate lowered @ 43.5%

To sum up

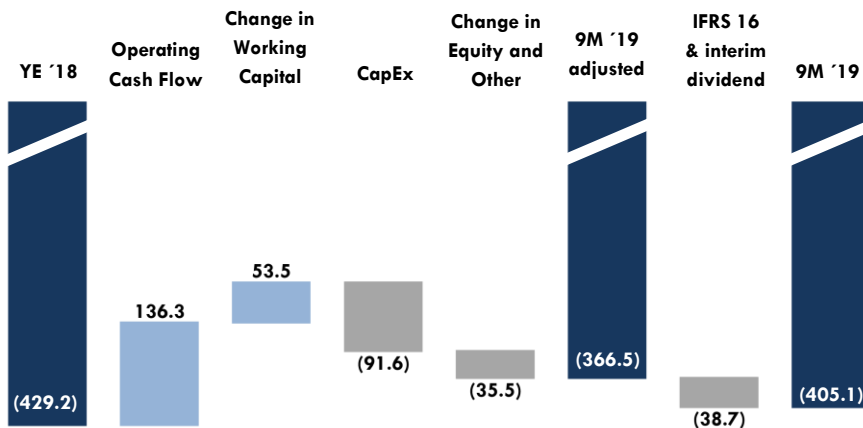
P&L (€m)

	9M '18	9M '19	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
Net Sales	1,093.7	1,200.5	106.7	9.8%	~ +8.2%
Gross Margin	334.4	363.7	29.3	8.8%	~ +7.8%
% on Net Sales	30.6%	30.3%	-0.3%		
EBITDA	166.0	188.8	22.8	13.8%	~ +13.2%
% on Net Sales	15.2%	15.7%	0.6%		
Depreciation	(81.0)	(89.3)	-8.2	10.1%	
EBIT	84.9	99.5	14.6	17.2%	
% on Net Sales	7.8%	8.3%	0.5%		
Financial Expenses	(18.8)	(18.1)	0.8	-4.1%	
Income before tax	66.1	81.5	15.4	23.3%	
Tax	(29.7)	(35.4)	-5.7	19.2%	
Net Income	36.3	46.0	9.7	26.7%	
% on Net Sales	3.3%	3.8%	0.5%		

* Figures at constant exchange rates are management estimates calculated using the average exchange rates for the corresponding period in the previous year

Net Financial Position

2019 Net Financial Position evolution (€m)



Highlights

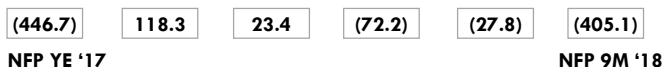
Outstanding Free Cash Flow to Equity* of ~95€m, +33€m vs. 9M '18, further proving our ability to reduce debt whilst returning value to shareholders through dividends and buybacks.

Financial solidity further strengthened with **leverage reduced to 1.8x vs. 2.0x in 9M '18**

Strongest Working Capital cash generation to date, driven by strong containment of inventories and receivables coupled with heightened efficiencies on payables

CapEx up by ~19€m, consistent with FY target in the range 130-135 €m, reflecting heightened focus on new product launches

2018 Net Financial Position evolution (€m)



* Obtained as the difference: Change in Net Debt minus Dividend and Buyback

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