



Piaggio Group

Full Year 2018 Financial Results

Conference Call | February 25th 2019

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Foreword – IFRS 15

- Piaggio applies IFRS 15 in 2018
- In this presentation, to provide a better comparison of information from different years, 2017 data are restated in accordance with IFRS 15 when presenting the 2018 corresponding accounts

Highlights (1/3)

Another year of sound growth with all key financial targets met...

Volumes k units



+ 9.2 %



Highest Volumes Since IPO

Net Sales €m



+ 4.3 % + 8.2 %
@ constant ForEx

Positive contribution
from all regions**

EBITDA €m (Margin %)



+ 4.9 %

Highest result
since 2007

EBITDA Margin
@ 14.5 %
All-Time High

Net Debt/Cash Flow €m



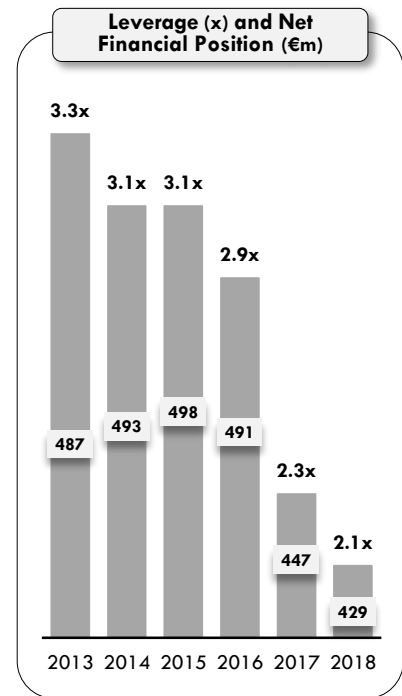
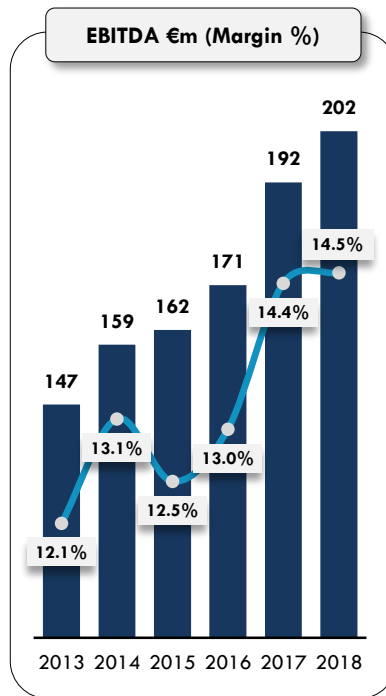
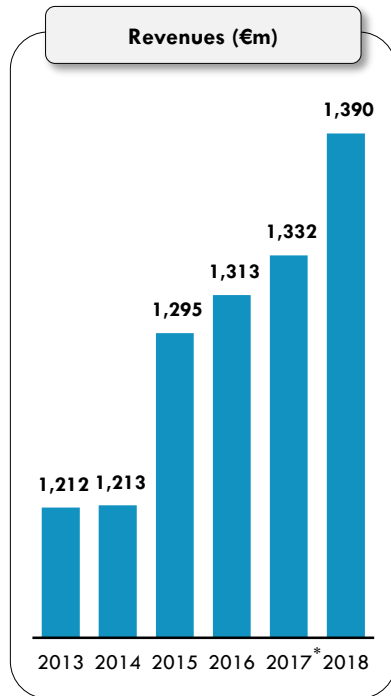
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FREE CASH FLOW to EQUITY ***
~ 39 €M

* Restated according to new IFRS 15 ** Excluding North America *** Obtained as the difference: Change in Net Debt minus Dividend and Buyback

Highlights (2/3)

... and another milestone in the profitable growth of the Group



* Restated according to new IFRS 15

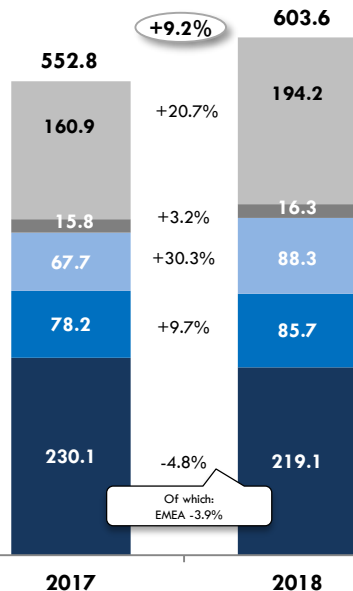
Market demand

Healthy demand in India and Asia Pac dented by temporary 50cc segment weakness in Western Countries

- Western Countries demand ended slightly off prior year:
 - European 2 Wheelers declined low single-digit as a result of specular dynamics:
 - Over 50cc vehicles upward trend accelerated across the year leading to ~9% growth, with positive demand spread across all major countries both in motorbike and scooter segments
 - 50cc vehicles, still compensating for strong 2017 boosted by the shift from EURO2 to EURO4 engines, continued being a drag ending down ~31%
 - North America edged down again, namely with US Scooter declining for the sixth consecutive year ending down by ~7%
- Asia Pacific posted positive combined demand throughout the year:
 - The Philippines drove the growth ending up ~20%, followed by Indonesia up high single-digit and Vietnam ending up mid single-digit
 - Thailand was the lone major market ending flat, whilst Taiwan downward trend accelerated as the year progressed
- India demand, although softening in H2, reached an all-time high in all segments:
 - 3 Wheelers grew ~32%, reaching the highest total demand to date, despite Pax segment downward turn in Q4
 - 2 Wheelers ended up double-digits on the back of healthy demand both for Scooters and Motorbikes, thus confirming the relentless upward trend of the world's biggest market

Evolution by business

Volume evolution by business (k units)



Highlights

Revenue on the rise in all main regions, despite negative FX, driven by strong growth in Emerging Countries as well as solid European performance in H2

CV India

Growth driven by sound domestic performance and surging exports

CV Western Countries

Revenues at peak levels underpinned by 4 Wheeler sales

2W India

Another year of outstanding performance, outstripping market trend, mainly driven by Vespa sales

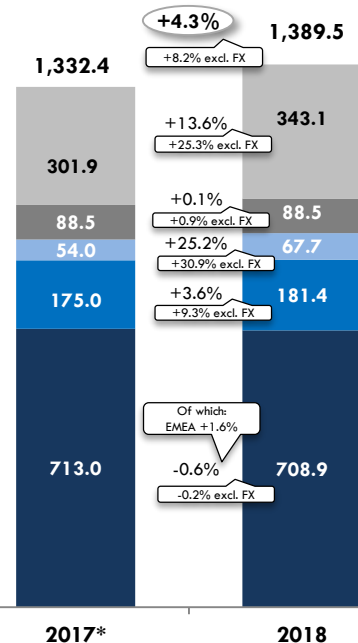
2W Asia Pacific

Positive performance accelerated across the year mainly driven by strong uptick in Vietnam in H2 as well as continued sound performance of Indonesia, China and Taiwan

2W Western Countries

European strong performance in H2, boosted by positive price/mix effect coupled with market share gain, led revenues above 2017 level, despite one-off 50cc segment sharp decline, mitigating protracted US market weakness

Net Sales evolution by business (€m)



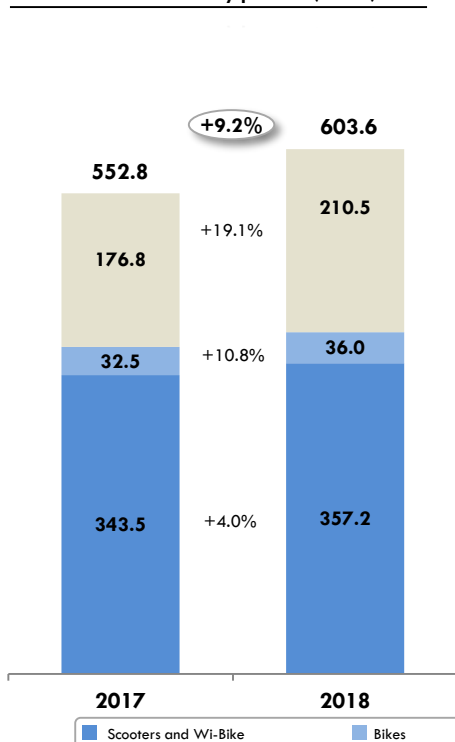
2 Wheelers: ■ Western Countries ■ Asia Pacific ■ India

Commercial Vehicles: ■ Western Countries ■ India

* Restated according to new IFRS 15

Evolution by product

Volume evolution by product (k units)



Highlights

Scooters revenues grew in all geographic areas behind sequentially stronger Asia and Europe and continued healthy performance in India; Vespa confirmed as the key growth driver. Bikes performance affected by US weakness coupled with negative FX effect

Commercial Vehicles

Robust growth driven by Indian strong performance and surging exports

Bikes

Volume growth driven by low displacement segment; EMEA revenues gain wiped out by US protracted weakness

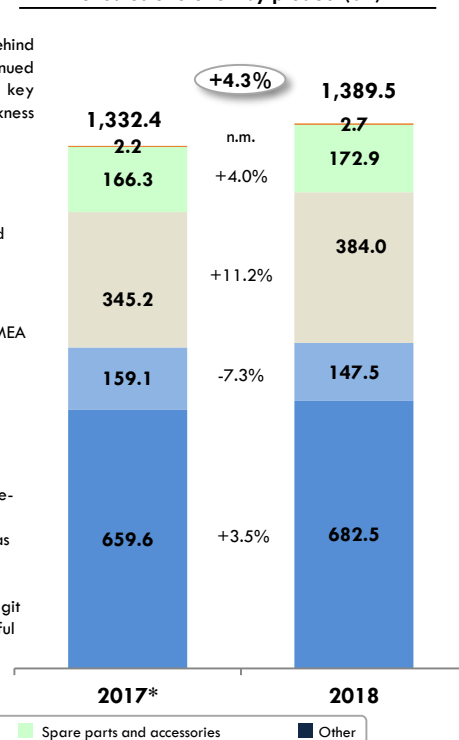
Scooters

Vespa was another year the bright spot growing double-digits on the back of:

- Volume/revenue growth in all main geographic areas
- Widespread positive price effect
- Successful launch of new models

Among other scooters MP3 posted healthy mid single-digit growth mainly reaping the initial benefits of the successful launch of new versions

Net Sales evolution by product (€m)



* Restated according to new IFRS 15



Growth in all regions Average selling price on the rise* across the board

2018

Record Volumes and Revenues since IPO

Volumes ~ **210,000**
~ **+16%**

EMEA

Volumes ~ **+4%**

ASIA PAC

Volumes ~ **+18%**

India

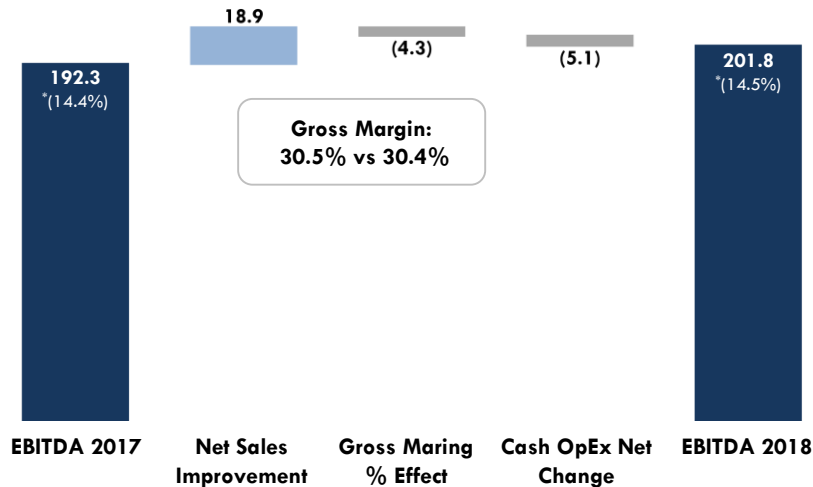
Volumes ~ **+41%**



* At constant exchange rate

EBITDA Evolution

EBITDA evolution (€m)



Highlights

Top line growth coupled with ability to curb Operating Expenses increase drove **another EBITDA step up to 14.5 p.p. on Sales (+0.1 p.p.)**, the best performance to date, also benefiting from FX effect

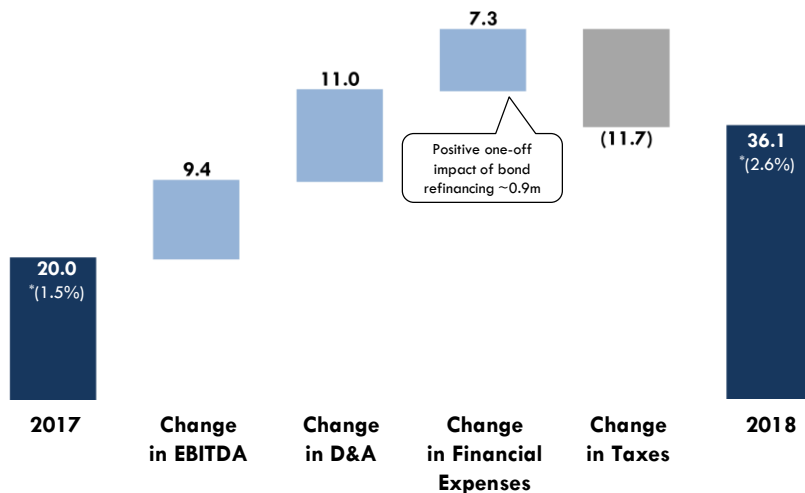
Gross Margin up by ~ 18€m, driven by Net Sales increase more than offsetting dilutive geographical mix

Cash OpEx up vs. PY, to support business growth

* % On Net Sales

Net Income Evolution

Net Income evolution (€m)



* % On Net Sales

Highlights

Net Result surged 81% vs. PY, with significant uplift in the **ratio on Net Sales (+1.1 p.p.)** topping 2.6%

D&A down, in line with full year guidance reflecting recent year reduced level of CapEx

Financial expenses down, primarily driven by lower level of average debt and positive effect of recent initiatives to lower the cost of funding; additionally benefiting from ~0.9€m one-off positive impact of bond refinancing

Taxes down @ 46.8% vs. 50%

To sum up

P&L (€m)

	2017	2017 restated*	2018	Change 2018 vs. 2017 restated*		
				Absolute	%	% excl. FX**
Net Sales	1,342.4	1,332.4	1,389.5	57.1	4.3%	~ +8.2%
Gross Margin	411.3	405.4	423.6	18.2	4.5%	~ +6.9%
% on Net Sales	30.6%	30.4%	30.5%	0.1%		
EBITDA	192.3	192.3	201.8	9.4	4.9%	~ +7.4%
% on Net Sales	14.3%	14.4%	14.5%	0.1%		
Depreciation	(120.0)	(120.0)	(109.0)	11.0	-9.2%	
EBIT	72.3	72.3	92.8	20.5	28.3%	
% on Net Sales	5.4%	5.4%	6.7%	1.2%		
Financial Expenses	(32.3)	(32.3)	(24.9)	7.3	-22.8%	
Income before tax	40.1	40.1	67.8	27.8	69.4%	
Tax	(20.1)	(20.1)	(31.8)	-11.7	58.3%	
Net Income	20.0	20.0	36.1	16.1	80.6%	
% on Net Sales	1.5%	1.5%	2.6%	1.1%		

NFP (€m)

	31.12.2017	31.12.2018	Change
NFP	(446.7)	(429.2)	+17.5

Cash Flow (€m)

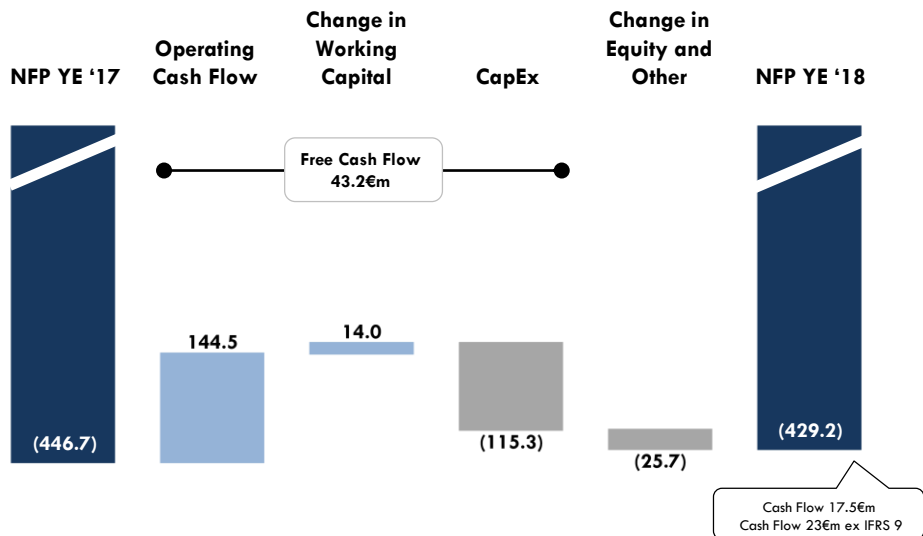
	FY 2017	FY 2018	Change
Cash Flow	44.3	17.5	-26.8

*Restated according to new IFRS 15

** 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

2018 Net Financial Position evolution (€m)



2017 Net Financial Position evolution (€m)



Highlights

Sound cash generation, confirming our commitment to reduce debt whilst retaining our ability to step up Capital Expenditure to build our future product range

Continued discipline on **Working Capital** enabled **cash generation** for the fourth straight year

Strong investment uplift of ~29€m, consistent with heightened focus on new product launches to fuel future growth

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