



**PIAGGIO  
GROUP**

**Piaggio Group**  
**Full Year 2015 Financial Results**

Conference Call | March 11<sup>th</sup> 2016

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# Highlights (1/2)

## Full Year results

### Market demand

#### Early stages of European replacement cycle offset by market weakness in several key emerging areas

- European 2 Wheel demand positive trend accelerated throughout the year leading to 5% growth, with Scooters ending up by 2% after seven years of straight decline, and Bikes up by 10%
- Asia Pacific kept declining, affected by widespread market weakness, apart from Vietnam up low single-digit
- Indian 3 Wheel down by 3% even after an encouraging upward turn in Q4 (+8%); 4 Wheels kept slumping double-digits; Scooters strong momentum confirmed

### Business Highlights

#### Western Countries: steady improvement across the year on the back of positive European market dynamic

- European leadership in 2 wheelers confirmed, with ~11 p.p. lead over the nearest competitor in the Scooter market
- European dealer network stock further reduced, notwithstanding positive market trend
- Volume trend steadily improved across the year even after network stock reduction, mainly driven by Italy, The Netherlands, Germany and Spain
- Bikes strong momentum both in Europe and North America confirmed, with Guzzi posting the best volume and revenues performance since 2007 and Aprilia revenues surging more than 30%
- Beverly and Liberty grew more than 20%, outstripping market trend and unveiling the “high –wheel” segment as a significant lever of forthcoming growth that will be further strengthened by new product launches (New Liberty and Medley)
- Average price on the rise for the fifth straight year, confirming the successful drive towards premium products

*As a result, revenues up mid single digit, with Italy, Germany, Uk and Benelux up double digits*

#### Asia Pacific: weak performance in a challenging market scenario

- Vietnam suffered from heightened competitive intensity
- Asia Pacific ex Vietnam revenues kept growing, fostered by Vespa positive performance against widespread market weakness
- Average regional prices on the rise also excluding FX effect, reflecting strong brand reputation

*As a result, revenues up low single-digit (down double-digit excluding FX) sustained by strong performance in Taiwan, Thailand and China*

# Highlights (2/2)

## Full Year results

### Business Highlights

#### India: performance hit by market weakness and unfavorable product/geographical mix

- 3/4 Wheel market share slightly down vs. PY
- Market share gain in Cargo against negative demand trend, unable to counterbalance weakness in City Pax segment
- Exports slightly down vs. PY, reflecting reduced import demand from African countries
- Vespa volumes slightly up vs. PY
- Average prices on the rise also excluding FX, reflecting rigorous pricing discipline

*As a result, revenues up double-digits vs. PY (down mid single digit excluding FX)*

### Financial Highlights

**Net Sales up by 82 €m (+6.8%; +0% at constant FX)**

**EBITDA slightly up by 2.4 €m**

**Net Profit slightly off Prior Year (-4.2 €m)**

- **Gross Margin on the rise** (+ ~ 10 €m), even if with a lower ratio on Net Sales vs. PY (28.9% vs. 30.1%) mainly reflecting the dilutive FX impact
- **OpEx higher vs. PY after rise of D&A**, due to the increased level of CapEx, **step-up in marketing and racing expenses** and **negative FX effect**
- **Lower financial expenses**, even excluding non recurring negative effect in 2014, benefitting from last year initiatives to strengthen debt structure and lower the cost of debt
- **Capital Expenditure increased** to 102 €m (+7 €m vs. PY) to sustain the deep pipeline of new product launches and investment in a new painting facility
- **Healthy Cash Flow generation in H2 (~37 €m)**, mainly driven by Operating Cash Flow and containment of Inventories, led **Net Debt broadly in line with YE 2014**, even after dividend payment

**Net sales growth, benefitting from positive FX effect, drove EBITDA slightly up vs. PY despite higher marketing and racing expenses.  
Net Debt in line with YE 2014, after strong cash generation in second half**

**P&L (€m)**

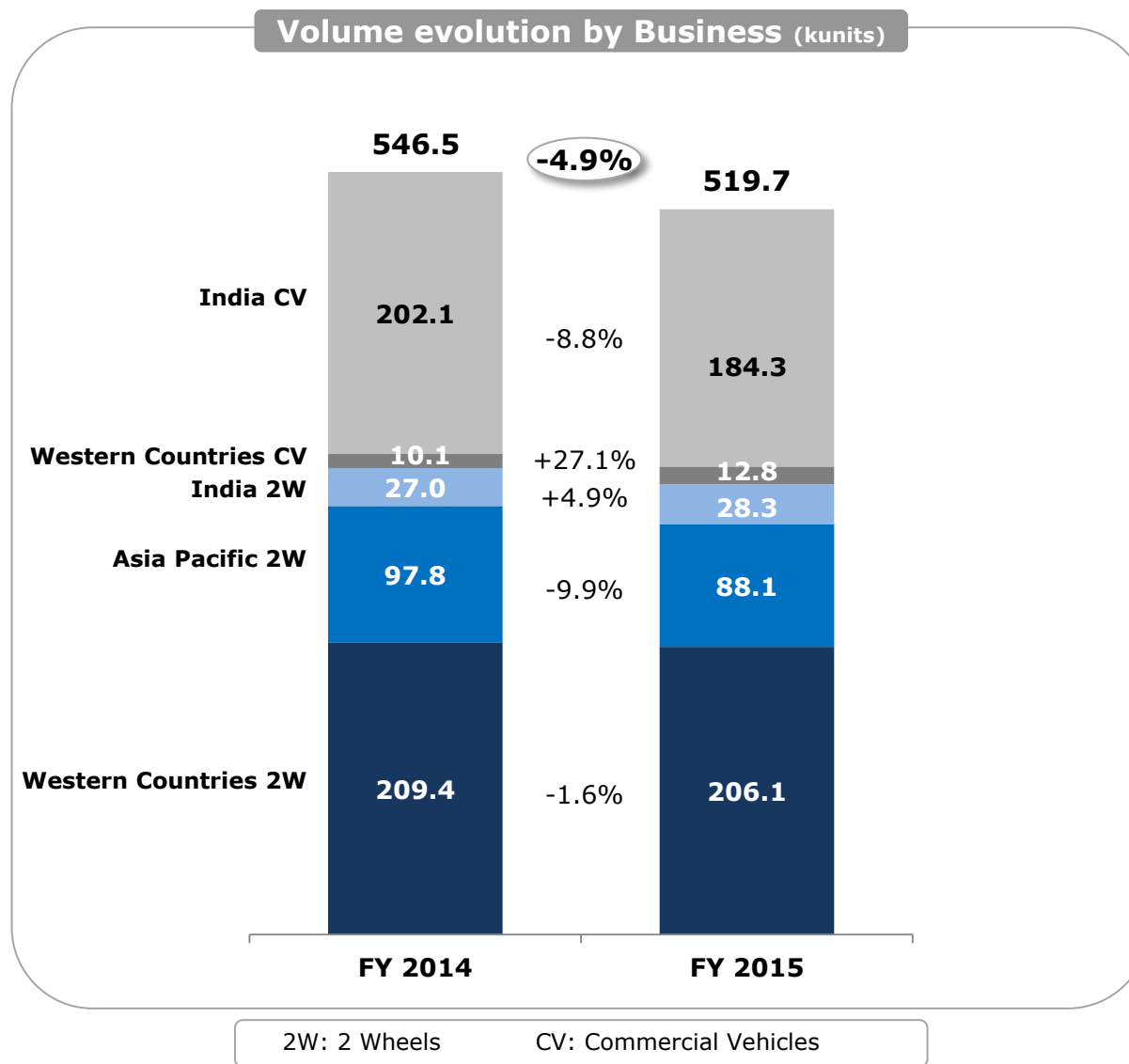
	2014	2015	Change 2015 vs. 2014		
			Absolute	%	% excl. FX <sup>(*)</sup>
<b>Net Sales</b>	<b>1,213.3</b>	<b>1,295.3</b>	<b>82.0</b>	<b>+6.8%</b>	<b>~0%</b>
<b>Gross Margin</b>	<b>364.7</b>	<b>374.4</b>	<b>9.7</b>	<b>+2.7%</b>	<b>~ -1.3%</b>
<i>% on Net Sales</i>	30.1%	28.9%	-1.2%		
<b>EBITDA</b>	<b>159.3</b>	<b>161.8</b>	<b>2.4</b>	<b>+1.5%</b>	<b>~ -2.8%</b>
<i>% on Net Sales</i>	13.1%	12.5%	-0.6%		
Depreciation	(89.6)	(105.0)	(15.4)	+17.2%	
<b>EBIT</b>	<b>69.7</b>	<b>56.7</b>	<b>(13.0)</b>	<b>-18.6%</b>	
<i>% on Net Sales</i>	5.7%	4.4%	-1.4%		
Financial Expenses, <i>recurring</i>	(39.6)	(36.6)	3.0	-7.5%	
Financial Expenses, <i>non -recurring</i>	(3.6)		3.6	n.a.	
<b>Income before tax</b>	<b>26.5</b>	<b>20.1</b>	<b>(6.4)</b>	<b>-24.2%</b>	
Tax	(10.5)	(8.2)	2.2	-21.2%	
<b>Net Income</b>	<b>16.1</b>	<b>11.9</b>	<b>(4.2)</b>	<b>-26.1%</b>	
<i>% on Net Sales</i>	1.3%	0.9%	-0.4%		

**NFP (€m)**

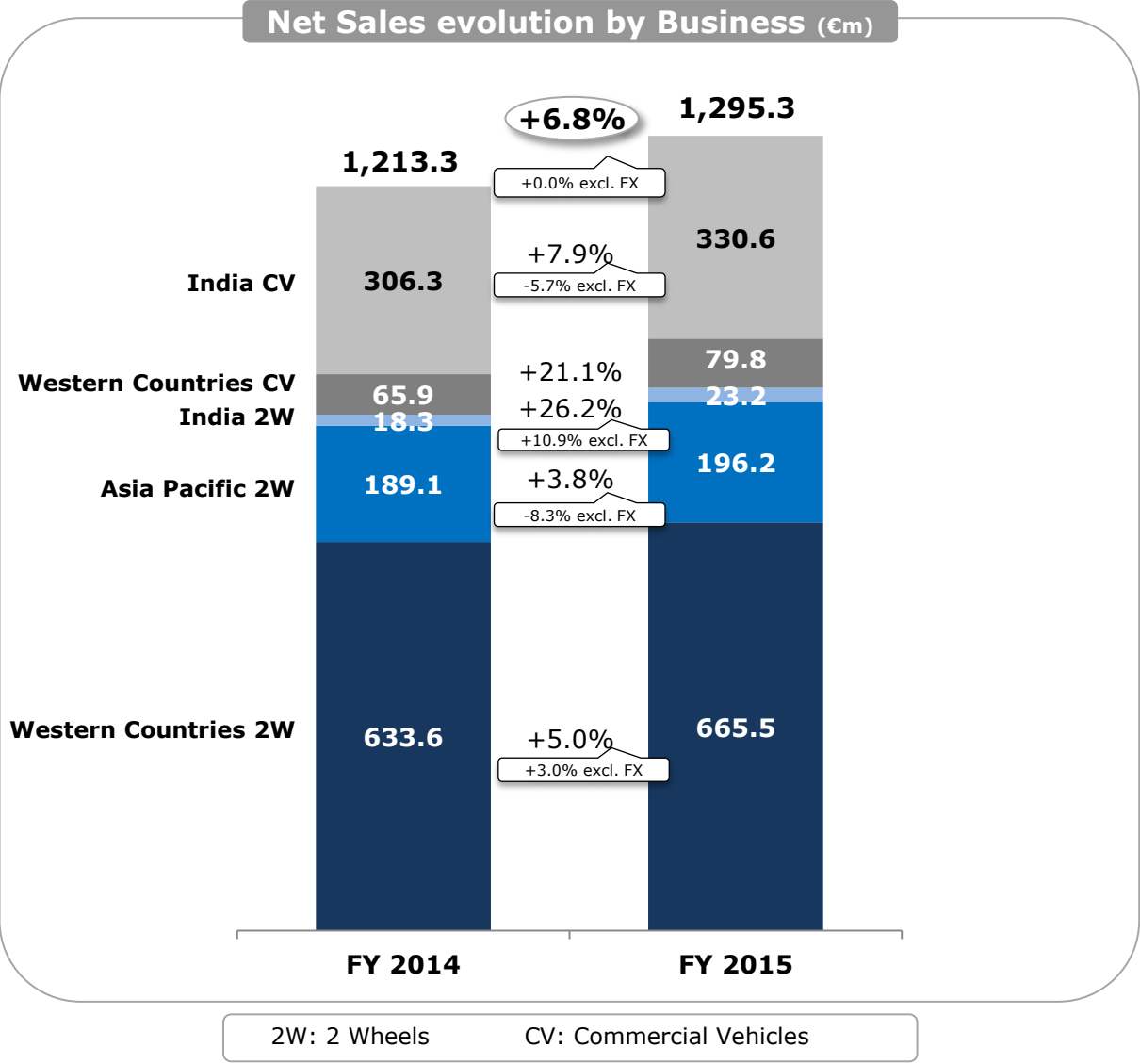
	31.12.2014	31.12.2015	Change
<b>Net Financial Position</b>	<b>(492.8)</b>	<b>(498.1)</b>	<b>(5.3)</b>

(\*) Figures at constant exchange rates are management estimates calculated using the average exchange rates for the corresponding period of the previous year

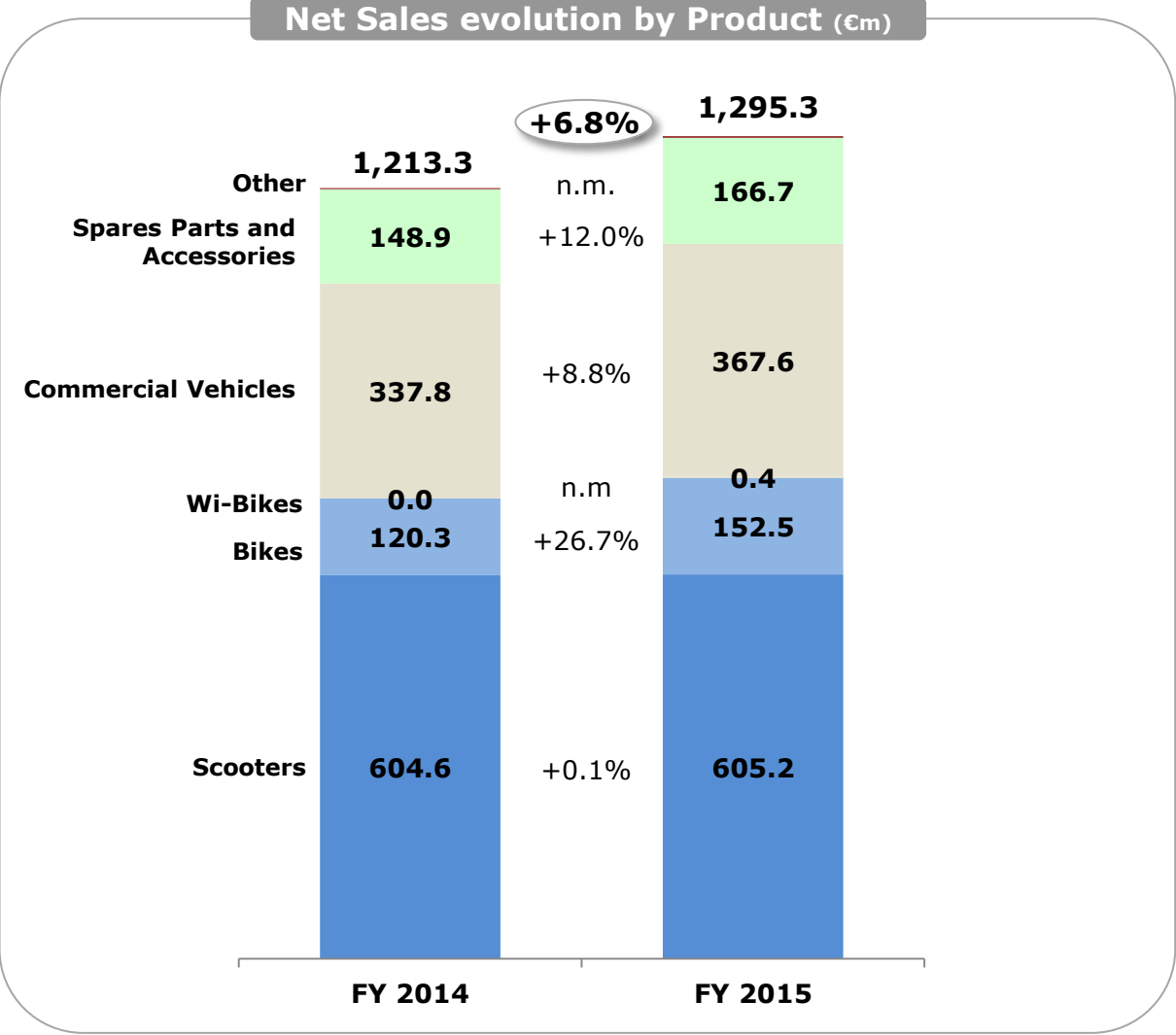
## Volume slightly off PY, mainly reflecting demand weakness in key reference emerging markets and heightened competitive pressure...



... but Net Sales on the rise across the board boosted by positive price/mix effect and FX tailwind in US \$ linked Markets



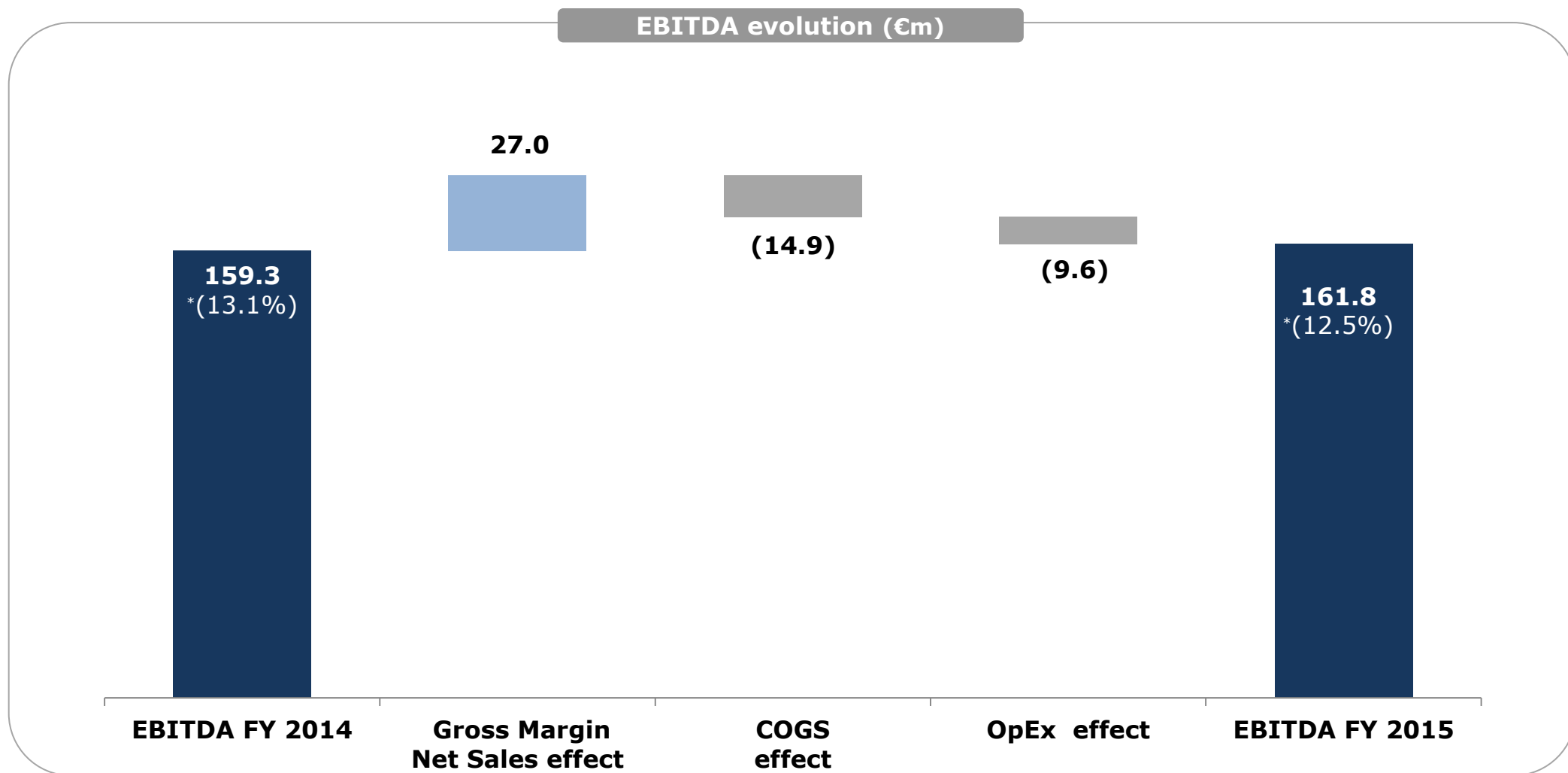
**Negative volume effect in Scooters more than offset by positive price effect**  
**Strong performance in Bikes fostered by recent successful product launches.**  
**Strong performance of Spare Parts and Accessories.**





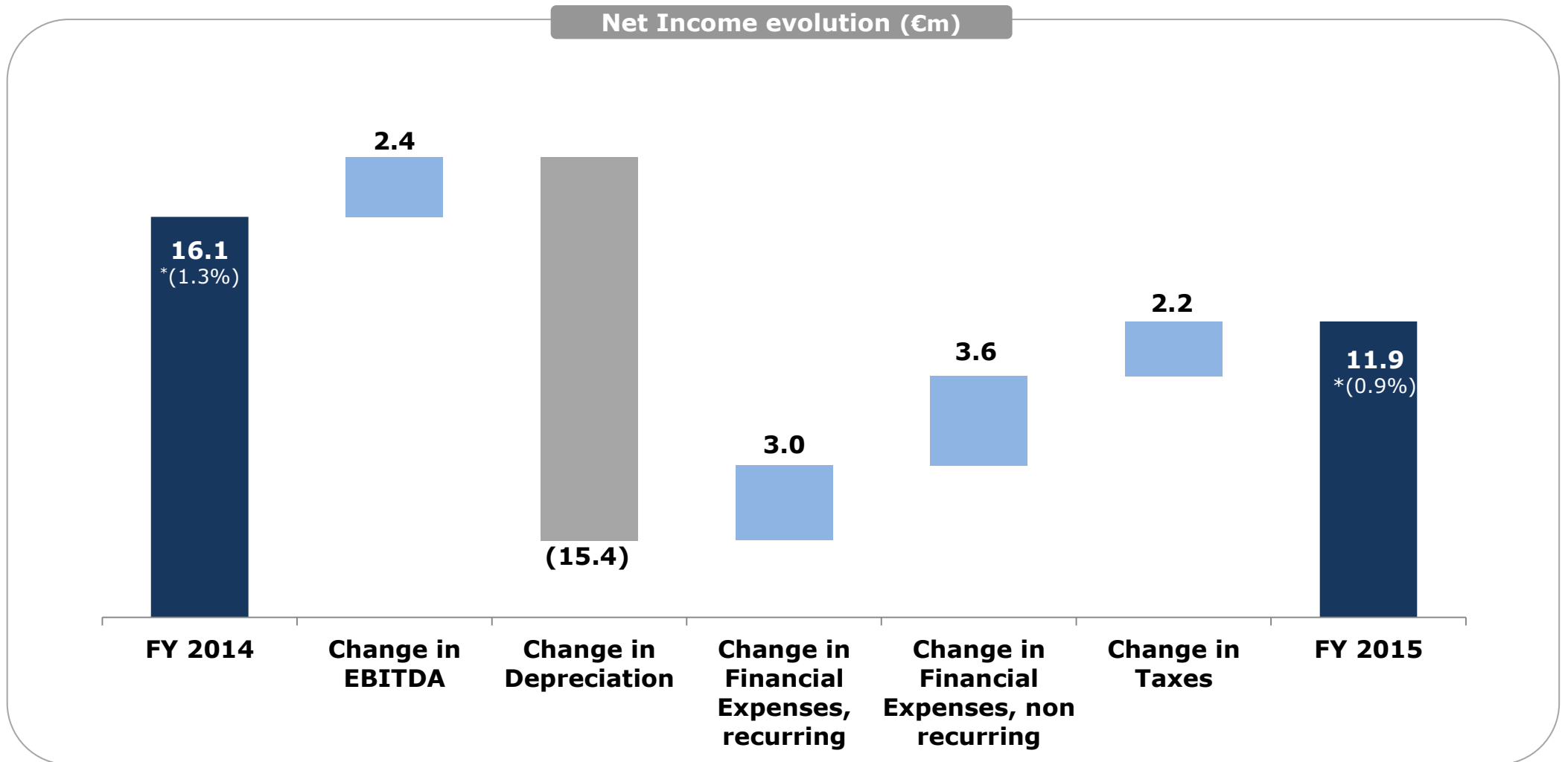
**FX increased Net Sales, COGS and OpEx.**

**The net effect was a dilution of % Gross Margin and an increase of Cash OpEx, also affected by higher marketing and racing expenses.**



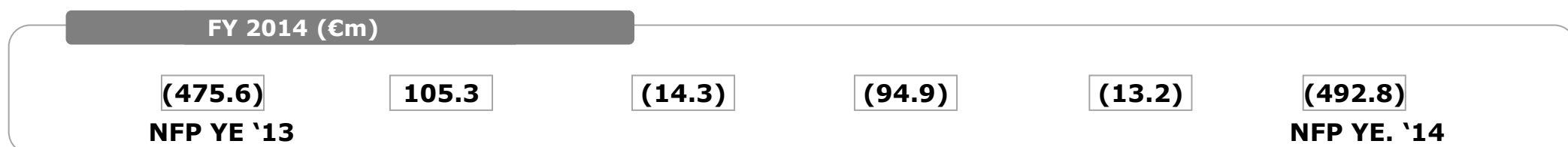
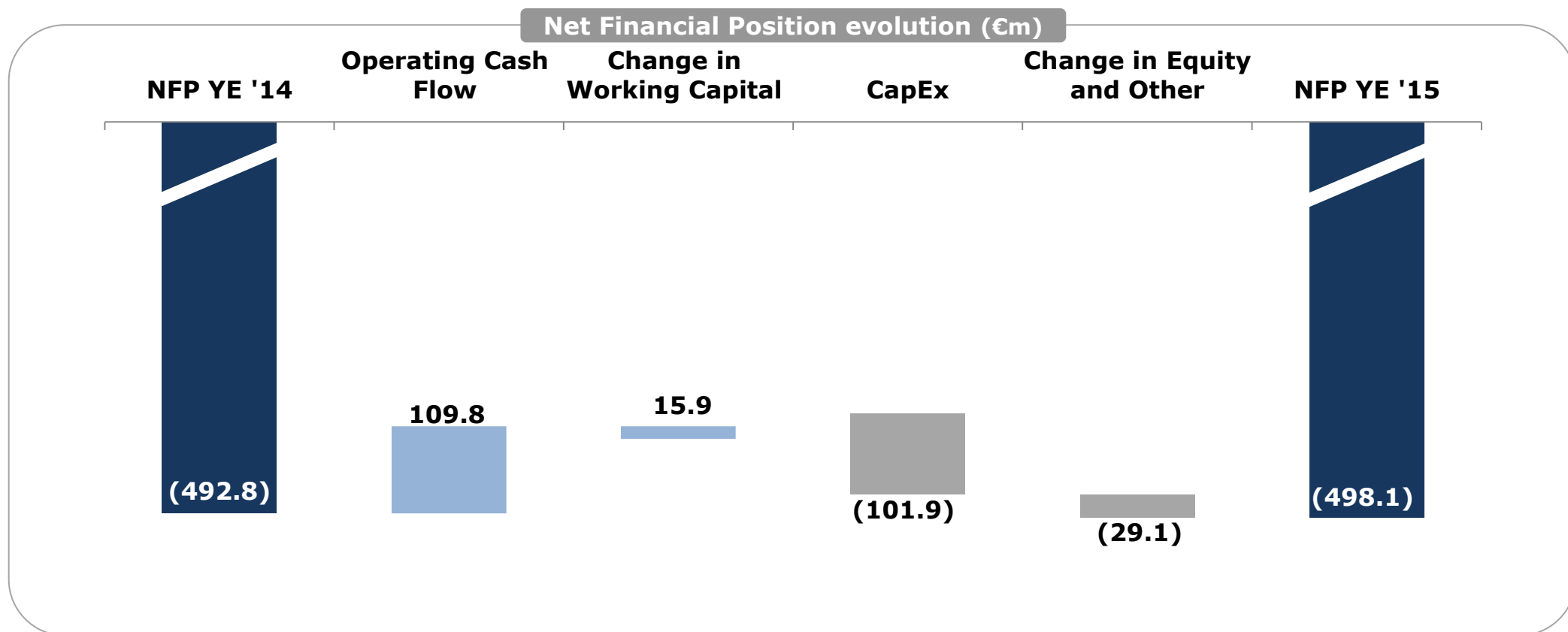
\* % on Net Sales

## Significant increase of D&A drove Net Result slightly off prior year, despite lower Financial Expenses



\* % on Net Sales

## Tight grip on Working Capital coupled with healthy Operating Cash Flow generation led NFP at YE 2014 level, notwithstanding higher CapEx and dividend payment (1/2)



## Tight grip on Working Capital coupled with healthy Operating Cash Flow generation led NFP at YE 2014 level, notwithstanding higher CapEx and dividend payment (2/2)

### Balance Sheet evolution (€m)

	2013	2014	2015	Chg. '14 vs YE '13	Chg. '15 vs YE '14
Trade Receivable (*)	74.4	71.6	78.9	-2.8	7.3
Inventories	207.8	232.4	212.8	24.6	-19.6
Commercial Payable	(344.8)	(383.6)	(378.3)	-38.8	5.4
Other assets/liabilities	32.3	63.6	54.6	31.4	-9.0
<b>Working Capital</b>	<b>(30.4)</b>	<b>(16.1)</b>	<b>(32.0)</b>	<b>14.3</b>	<b>-15.9</b>
Tangible Fixed Assets	310.1	319.5	319.6	9.4	0.1
Intangible Fixed Assets	654.5	668.4	674.0	13.9	5.6
Financial Investments	9.9	10.0	9.7	0.2	-0.3
Provisions	(76.4)	(76.0)	(68.8)	0.4	7.1
<b>Net Invested Capital</b>	<b>867.7</b>	<b>905.9</b>	<b>902.4</b>	<b>38.1</b>	<b>-3.5</b>
<b>Net Debt</b>	<b>475.6</b>	<b>492.8</b>	<b>498.1</b>	<b>17.2</b>	<b>5.3</b>
<b>Equity</b>	<b>392.1</b>	<b>413.1</b>	<b>404.3</b>	<b>21.0</b>	<b>-8.8</b>
<b>Total Sources</b>	<b>867.7</b>	<b>905.9</b>	<b>902.4</b>	<b>38.1</b>	<b>-3.5</b>
<b>Net Debt/Equity</b>	<b>1.21</b>	<b>1.19</b>	<b>1.23</b>		

(\*) Net of advances from customers.

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