



**PIAGGIO  
GROUP**

**Piaggio Group  
Full Year 2017 Financial Results**

Conference Call | February 28<sup>th</sup> 2018

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## Highlights (1/3)

### 2017: a year of records...

#### Volumes

Vespa  
**+10%**

~182 thousands units worldwide

Two Wheelers India

**+71%**

~68 thousands units

#### Margins

Gross margin

**HIGHEST SINCE 2010**

@30.6%

EBITDA margin

**ALL TIME HIGH**

@14.3%

EBITDA

**+13%**

@~€192m

#### Cash

Cash Flow

**STRONGEST GENERATION  
SINCE 2007**

~€44m

Leverage

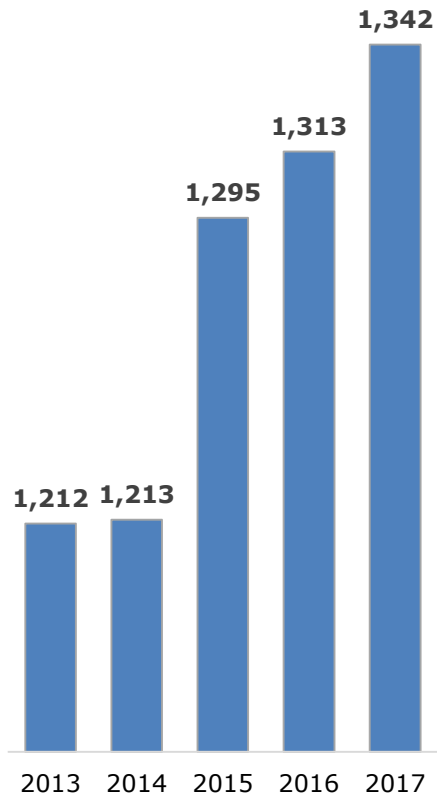
**STRONGEST YEARLY  
IMPROVEMENT TO DATE**

@2.3x

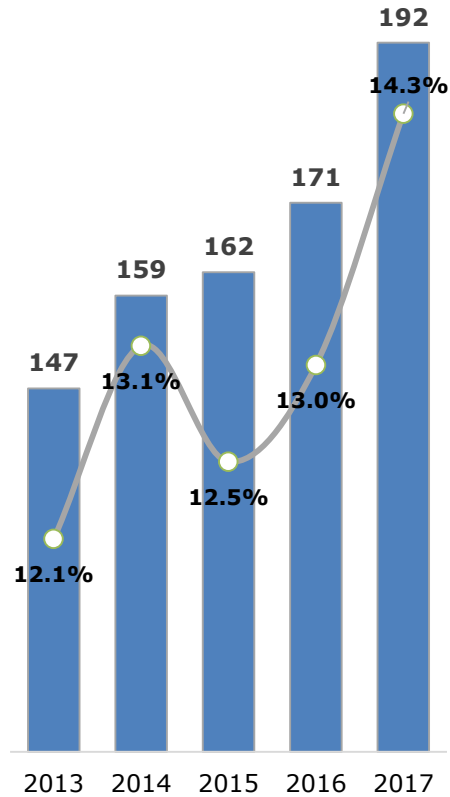
## Highlights (2/3)

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

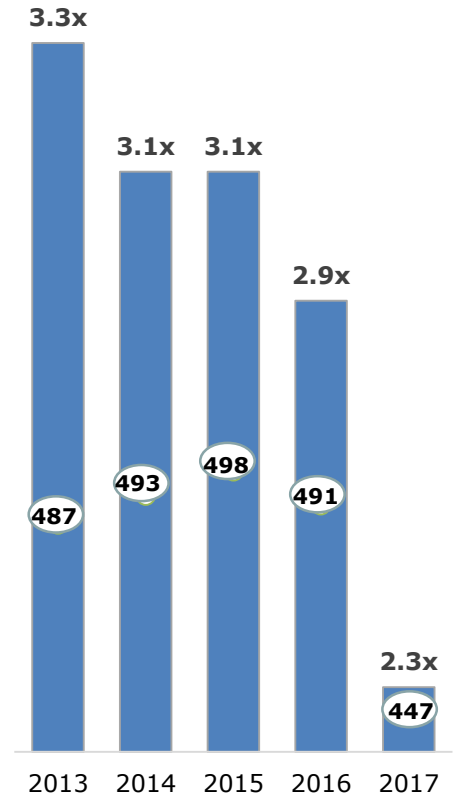
Revenues (€m)



Ebitda (€m) and margin (%)



Leverage (x) and Net Financial Position (€m)



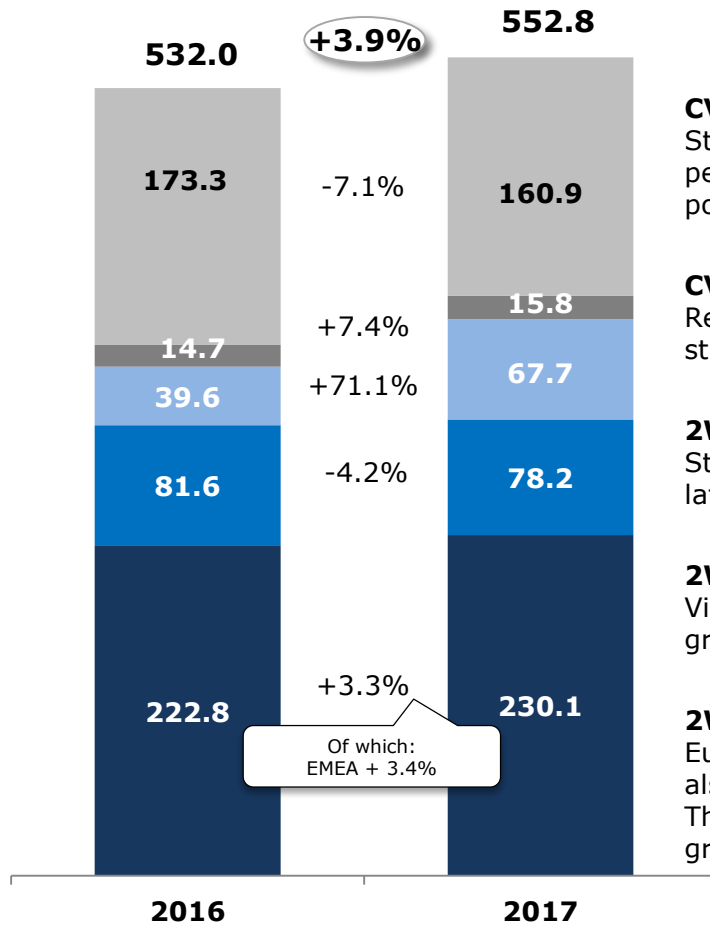
### Market demand

#### Mixed trends with Europe and India improving in the latter part of the year

- Western Countries demand ended slightly down vs. prior year:
  - European 2 Wheeler demand ended flat although improving throughout the period;
    - Scooter improving trend accelerated in Q4 leading to ~3% growth as a result of diverging dynamics: 50cc ended up by ~24% also benefitting from the upcoming shift from EURO2 to EURO4 engines, while over 50cc ended down by ~11% suffering from hard comparison base;  
Benelux and France, both strongly up in Q4, drove the growth followed by Italy; Spain and Germany edged down, while UK plummeted;
    - Bikes ended down ~4%, on challenging comparison base
  - North America negative trend continued, namely with Scooter declining for the fifth consecutive year ending down by ~7%
- Asia Pacific positive demand trends strengthened throughout the year:
  - Vietnam posted another year of healthy growth underpinned by Scooters up by ~14%
  - Asia ex Vietnam kept posting robust growth across the year, apart from Indonesia, the lone major market to end flat
- India upward trend accelerated across all segments as the year progressed:
  - 3 Wheelers ended flat, after strong rebound in the latter part of the year (~ +25% Y/Y in H2) helped by easy comparison base coupled with the release of new licenses, namely in Mumbai
  - 2 Wheelers confirmed the long-lasting strong momentum, with Scooters ending up by ~14%, thus topping 6.4m units in 2017

# Evolution by business

## Volume evolution by Business (kunits)



## Highlights

Growth, driven by healthy performance of 2 Wheelers in India and Western Countries; Q4 rebound in CV India bodes well for 2018

### CV India

Strong rebound in Q4, driven by positive domestic performance and surging exports, coupled with positive pricing led revenues close to PY level

### CV Western Countries

Revenues at peak levels mainly benefiting from strong exports

### 2W India

Strong performance boosted by Vespa sales in the latter part of the year

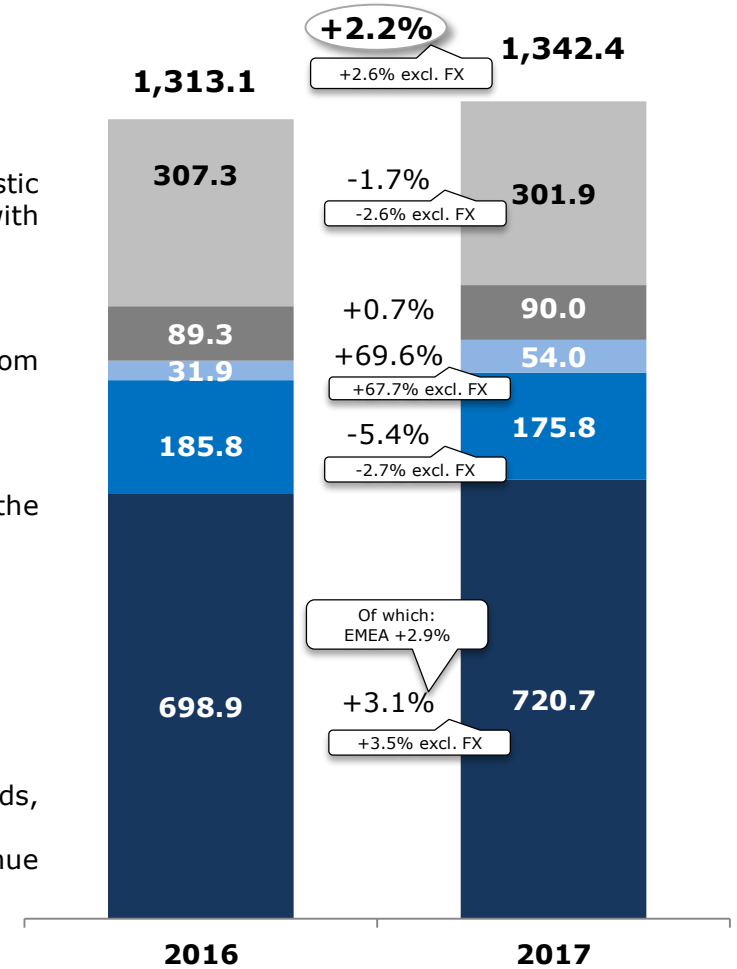
### 2W Asia Pacific

Vietnam drifting lower; Asia ex Vietnam kept growing, mainly driven by Thailand and China

### 2W Western Countries

Europe and US grew outstripping market trends, also benefitting from strong performance of 50cc The Netherlands and Italy drove European revenue growth

## Net Sales evolution by Business (€m)

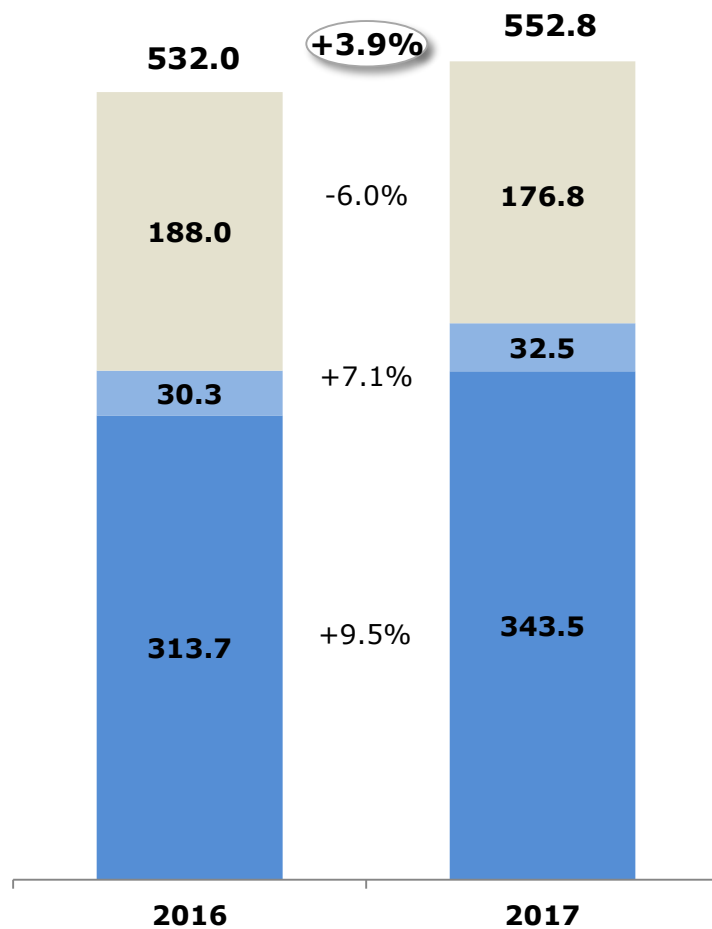


2 Wheelers: ■ Western Countries ■ Asia Pacific ■ India

Commercial Vehicles: ■ Western Countries ■ India

# Evolution by product

## Volume evolution by Product (kunits)



## Highlights

Scooters revenue growth driven by Western Countries and India; noteworthy Vespa performance, posting volume and revenue double-digit growth. Aprilia kept on driving Bikes growth

### Commercial Vehicles

Steady improvement across the year on the back of improving demand trend in India and strong growth in exports

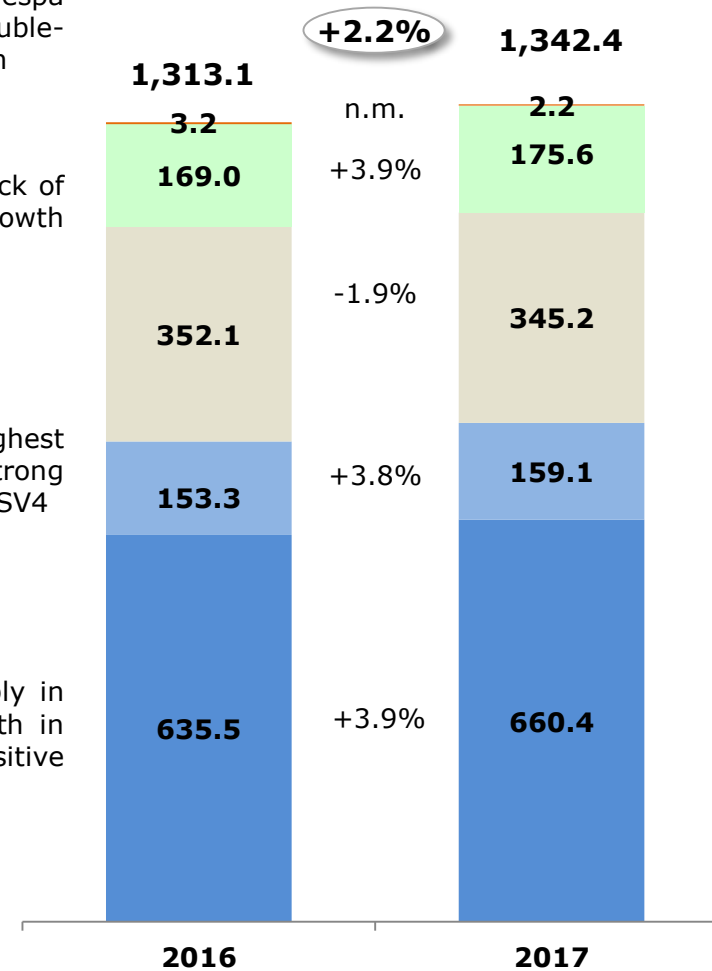
### Bikes

Healthy growth driven by Aprilia achieving highest revenues since 2012 on the back of strong performance of Tuono, Dorsoduro, Shiver and RSV4

### Scooters

Vespa volumes on the rise in all areas; notably in Europe Vespa revenues grew double-digits both in 50cc and over 50cc on the back of the positive volume and pricing effect  
Beverly and Liberty up double-digits  
MP3 down affected by model switch

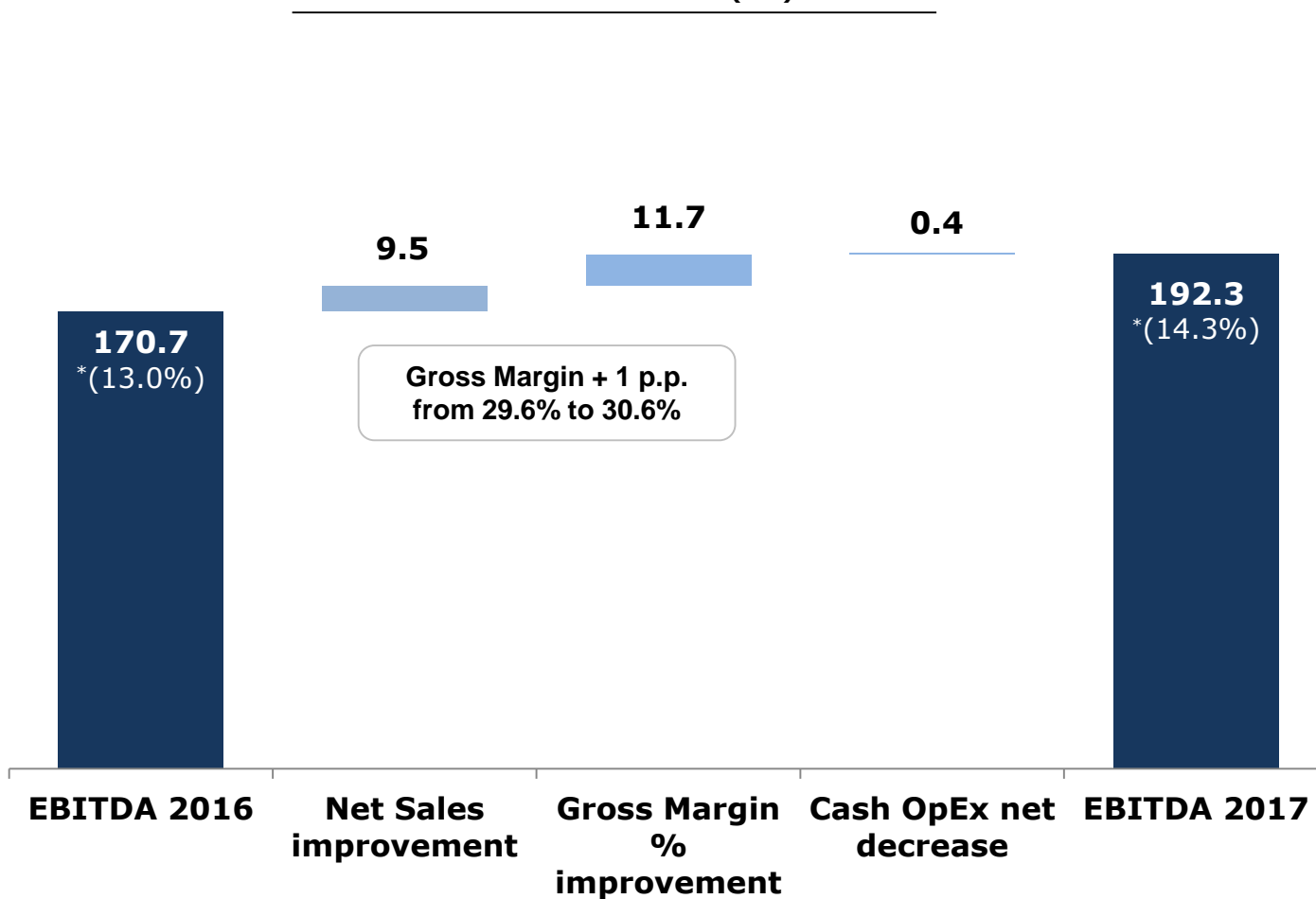
## Net Sales evolution by Product (€m)



■ Scooters and Wi-Bike    
 ■ Bikes    
 ■ Commercial Vehicles    
 ■ Spare parts and accessories    
 ■ Other

# EBITDA evolution

## EBITDA evolution (€m)



## Highlights

Top line growth coupled with heightened product profitability and tight grip on Operating Expenses drove **significant EBITDA uplift to 14.3 p.p. on Sales (+1.3 p.p.), the best performance to date**

**Gross Margin up by ~ 22€m**, stemming from Net Sales increase and uplift of the ratio on Net Sales (30.6% vs. 29.6%)

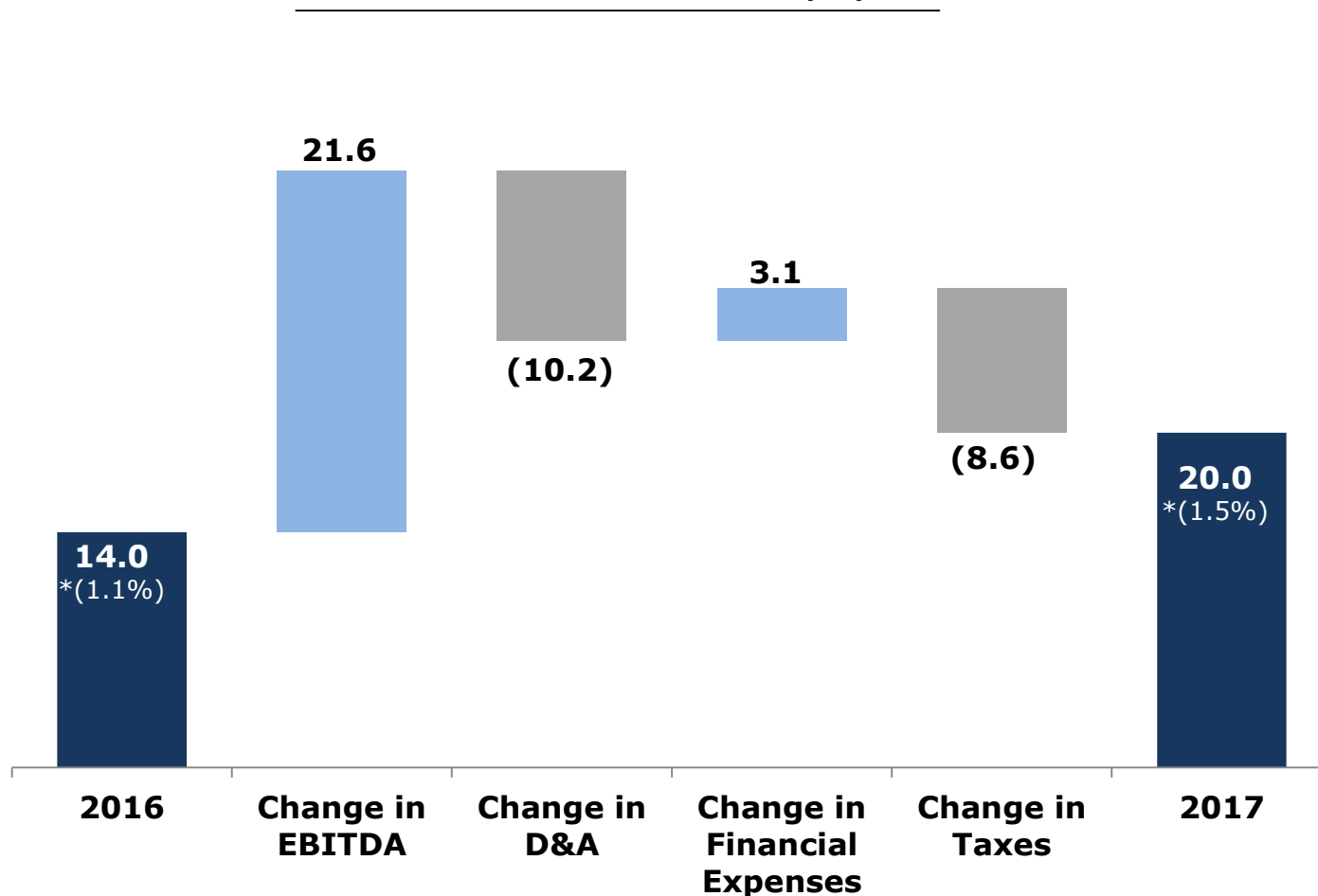
**Cash Opex slightly below PY**, despite revenue growth, further proving the ability to rein in SG&A despite higher marketing spending

\* % on Net Sales



# Net Income evolution

Net Income evolution (€m)



\* % on Net Sales

## Highlights

**Net Result significantly above prior year**, despite higher D&A and write-down of USA deferred tax assets

**D&A up ~10€m** topping ~120€m, driven by prior years increased level of CapEx

**Financial expense down**, benefitting from recent initiatives to strengthen the debt structure and lower the cost of debt

**Taxes rate step up @ 50%**, driven by ~3.1 €m one-off write-down of USA deferred tax assets

## To sum up

### P&L (€m)

	2016	2017	Change 2017 vs. 2016		
			Absolute	%	% excl. FX (*)
<b>Net Sales</b>	<b>1,313.1</b>	<b>1,342.4</b>	<b>29.3</b>	<b>+2.2%</b>	<b>~ +2.6%</b>
<b>Gross Margin</b>	<b>389.2</b>	<b>411.3</b>	<b>22.2</b>	<b>+5.7%</b>	<b>~ +5.6%</b>
<i>% on Net Sales</i>	29.6%	30.6%	+1.0%		
<b>EBITDA</b>	<b>170.7</b>	<b>192.3</b>	<b>21.6</b>	<b>+12.6%</b>	<b>~ +12.0%</b>
<i>% on Net Sales</i>	13.0%	14.3%	1.3%		
Depreciation	(109.8)	(120.0)	(10.2)	+9.2%	
<b>EBIT</b>	<b>60.9</b>	<b>72.3</b>	<b>11.4</b>	<b>+18.8%</b>	
<i>% on Net Sales</i>	4.6%	5.4%	0.7%		
Financial Expenses	(35.4)	(32.3)	3.1	-8.8%	
<b>Income before tax</b>	<b>25.5</b>	<b>40.1</b>	<b>14.6</b>	<b>+57.1%</b>	
Tax	(11.5)	(20.1)	(8.6)	+75.1%	
<b>Net Income</b>	<b>14.0</b>	<b>20.0</b>	<b>5.9</b>	<b>+42.3%</b>	
<i>% on Net Sales</i>	1.1%	1.5%	0.4%		

### NFP (€m)

	31.12.2016	31.12.2017	Change
<b>NFP</b>	<b>(491.0)</b>	<b>(446.7)</b>	<b>+44.3</b>

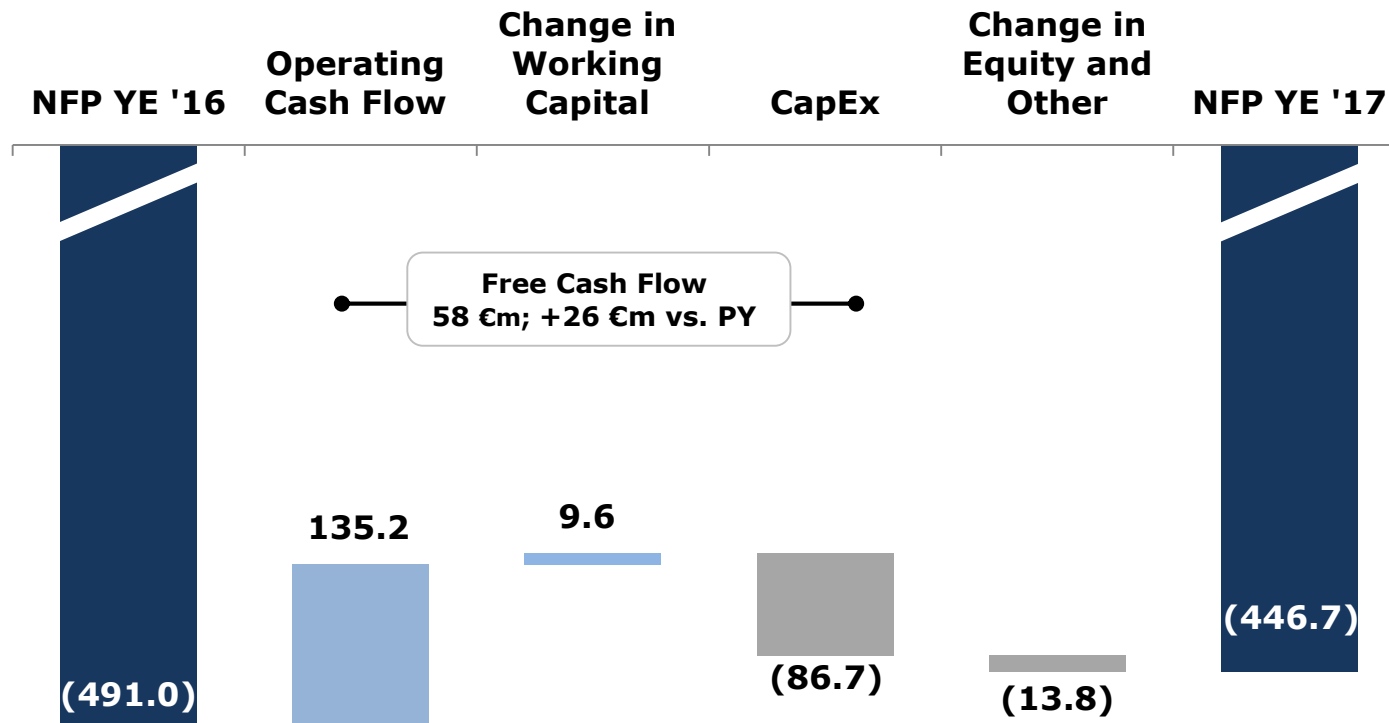
### Cash Flow (€m)

	2016	2017	Change
<b>Cash Flow</b>	<b>7.2</b>	<b>44.3</b>	<b>+37.1</b>

(\*) 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

## 2017 Net Financial Position evolution (€m)



## Highlights

**Strongest Cash Flow generation since 2017** drove NFP well below YE 2016

**Working capital further reduced**, mainly benefitting from lower VAT on receivables

**CapEx down**, on favorable comparison base

## 2016 Net Financial Position evolution (€m)



## **Investor Relations Office**

E: [investorrelations@piaggio.com](mailto:investorrelations@piaggio.com)

T: +39 0587 272286

W: [www.piaggiogroup.com](http://www.piaggiogroup.com)

: [@PiaggioInvestor](https://twitter.com/PiaggioInvestor)

### **Raffaele Lupotto**

*Head of Investor Relations*

E: [r.lupotto@piaggio.com](mailto:r.lupotto@piaggio.com)

T: +39 0587 272596