



# PIAGGIO GROUP ANALYST AND INVESTOR MEETING

Milan, December 14<sup>th</sup> 2011

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# PIAGGIO GROUP ANALYST AND INVESTOR MEETING

**Roberto Colaninno**  
Chairman and CEO  
Piaggio Group

# Manufacturing footprint evolution aligned with market dynamics



**Europe**  
4 plants for 2W and CV (vehicles & engines)

**China**  
1 plant for 2W

**India**  
2 plants for 2W and CV (vehicles & engines)

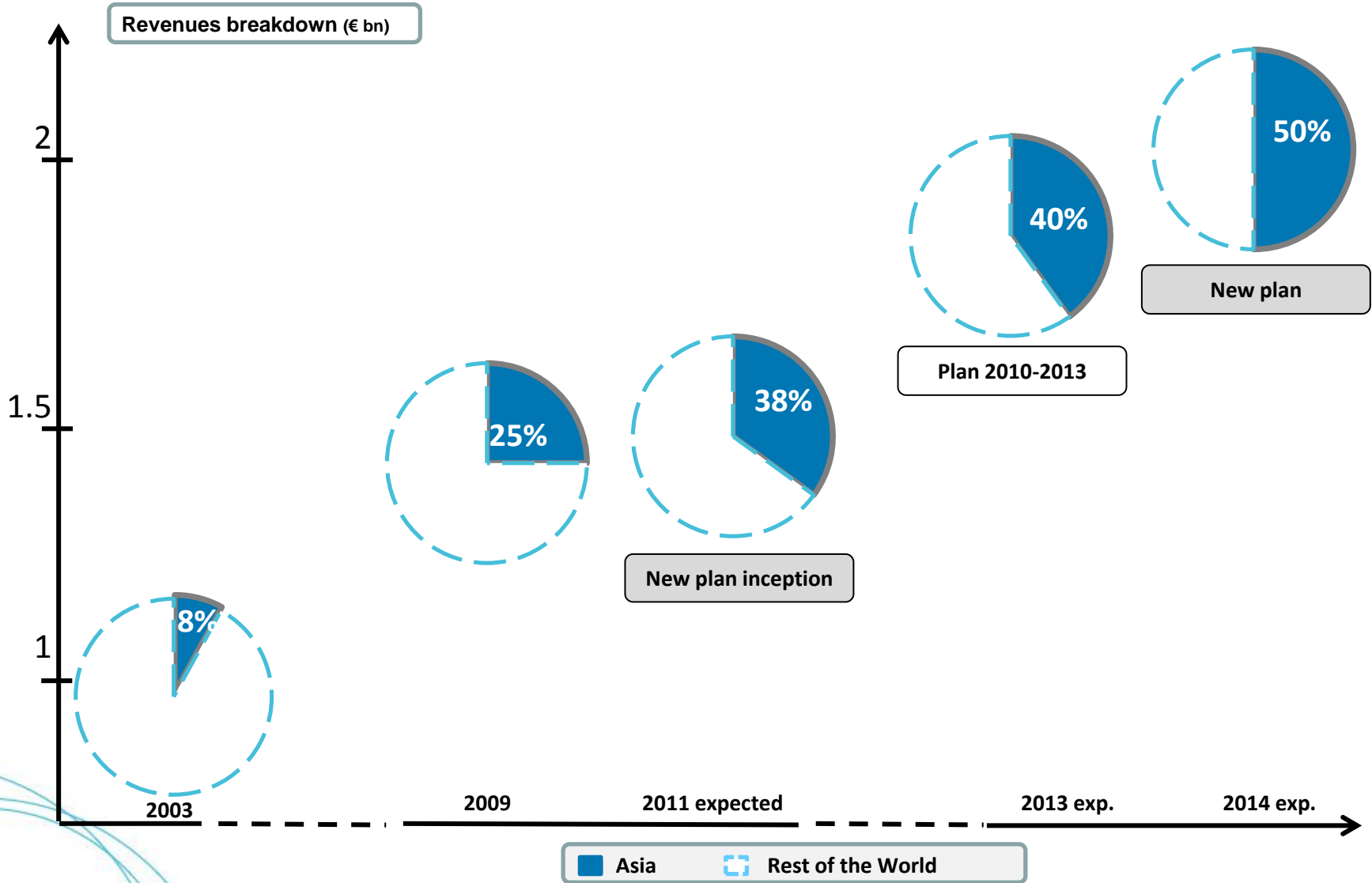
- CV with more than 300 kunits/y
- 2W starting in Q1 2012 with more than 150 kunits/y

**Vietnam**  
1 plants for 2W (vehicles & engines)

- Vehicles, 300 kunits/y by 2014 from current 140 kunits/y
- Engines, 300 kunits/year by 2014 with production starting in 2012

● New or enlarged production plants

# Accelerating strategic exposure to Asia







# PIAGGIO GROUP ANALYST AND INVESTOR MEETING

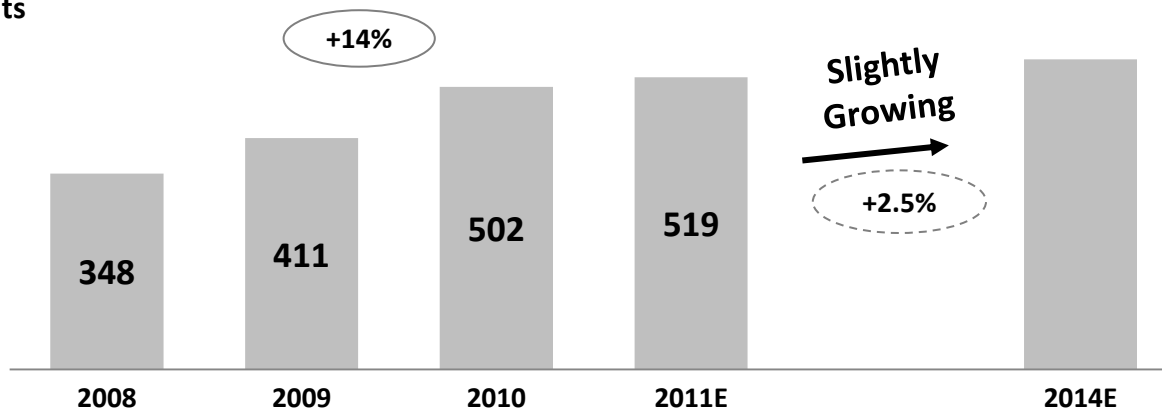
## Focus on India

**Ravi Chopra**  
Chairman and Managing Director  
Piaggio Vehicles Private Ltd



## 3W Market trend

Thousand units



### Strategic guidelines

Consolidate 3W market leadership

Develop and commercialize new products

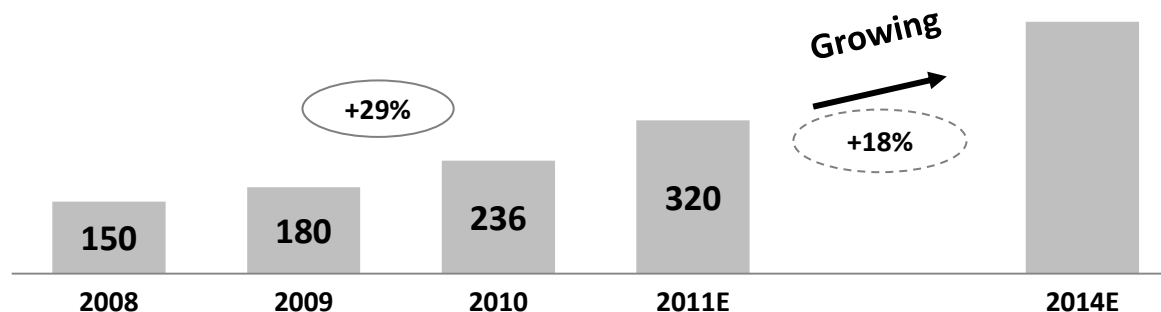
Enhance global sales

### Actions

- Maintain market share
- Introduce Apé City Pax in petrol /gas versions by July 2012 (with in-house 200cc petrol engine)
- Progressively achieve substantial volumes in the African, Latin American and neighboring countries with Apé City Pax vehicles

## 4W Market trend

Thousand units



## Strategic guidelines

## Actions

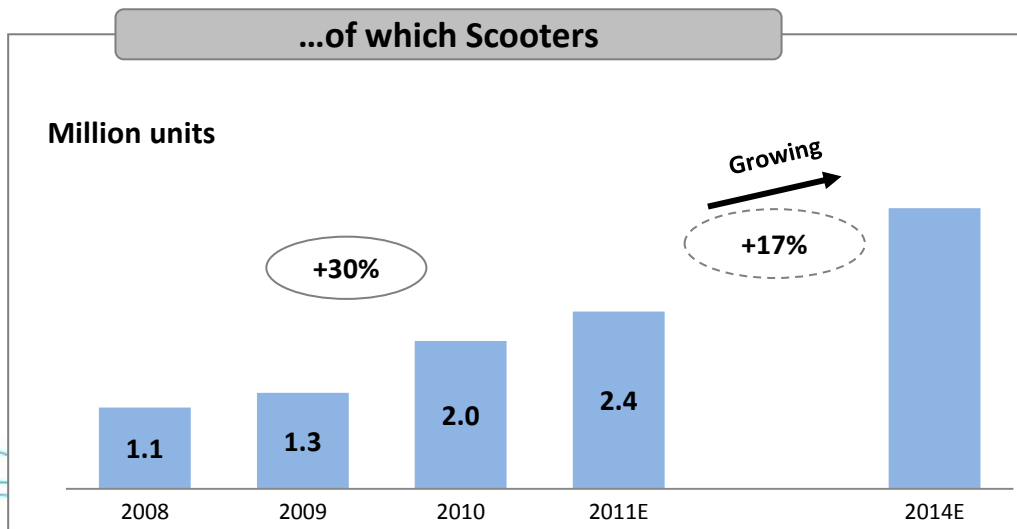
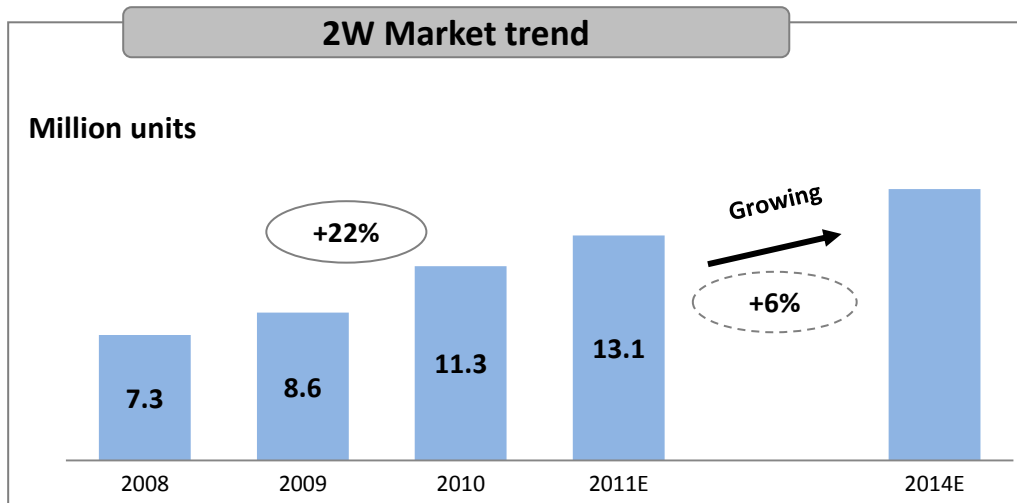
Enhance 4 W product portfolio and market share

- Push on sub 0.5t cargo segment with Apé Mini
- Focus on cost competitiveness and accelerate development of 1000cc engine (BNA) to effectively play in the sub 1T cargo segment

Expand network and facilitate retail financing

- Extend reach for deeper penetration and geographic spread to generate volume growth
- Tie-ups with financing agencies on competitive terms





### Market

- India is the second largest 2W market in the world, expected to continue growing at double digit rate in the next three years
- Scooters is the fastest growing segment (+50% 2010 vs 2009)
- 60% of the total scooter volume is shared by two players (Honda and Suzuki)
- The price positioning is almost the same for all the players

### Strategic guidelines

Enter the 2W Business  
initially with Vespa

### Actions

- Develop exclusive dealer network, initially targeting the top 35 cities
- Position the Vespa as a lifestyle, iconic, timeless and ageless product. Create an exclusive premium segment
- Sustain Vespa brand image through an appropriate positioning and communication strategy. Focus on its heritage and unique values
- Enter the market by April 2012 and progressively ramp up volumes
- Expand the product range. Identify and evaluate customized products for India to leverage the growing two wheeler market



# PIAGGIO GROUP ANALYST AND INVESTOR MEETING

## Focus on Asia Pacific



**Costantino Sambuy**  
EVP South East Asia 2 Wheeler

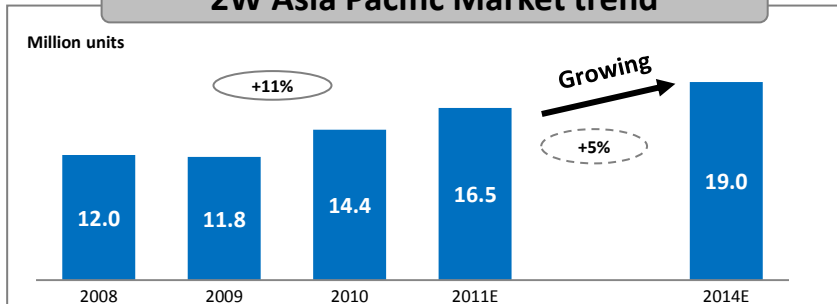
## 2 Wheels Asia Pacific 2012-2014 profitable growth plan



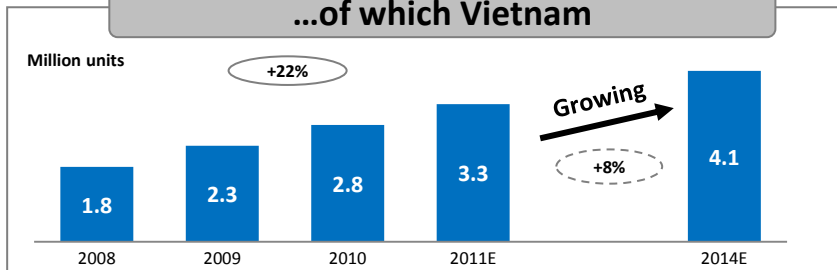
- **Key Drivers**
- **Roll out**
- **Strategic Plan Focus**



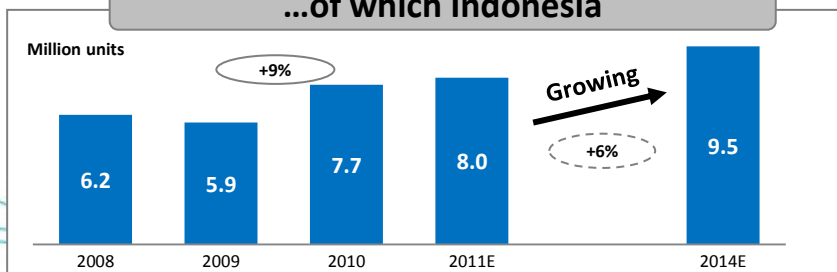
## 2W Asia Pacific Market trend



## ...of which Vietnam



## ...of which Indonesia



## Key Growth Drivers

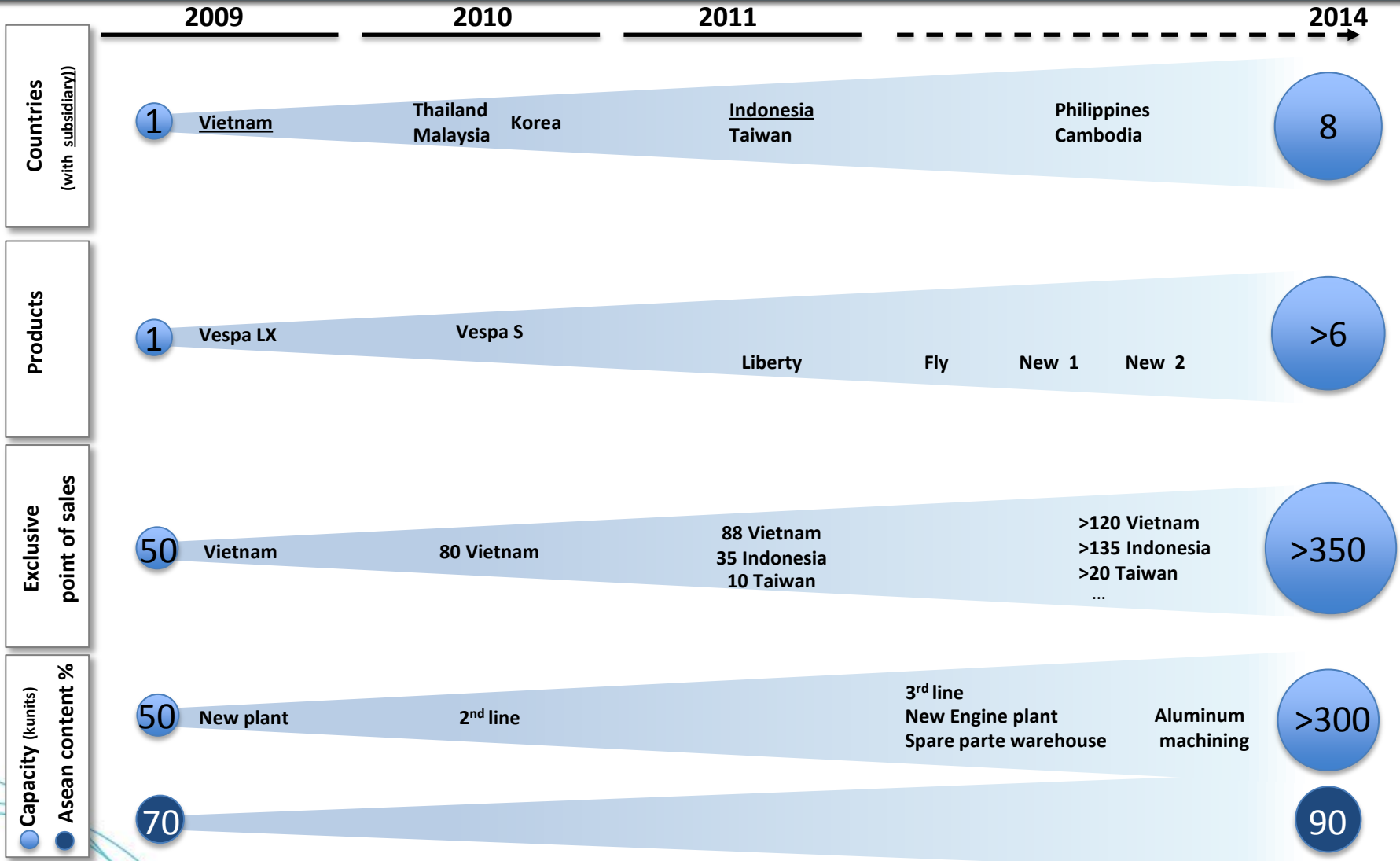
### External

- Demographic wave
- GDP per capita
- Lack of direct competitors
- Affluent consumer in search for differentiation

### Internal

- Vespa/Piaggio brand assets
- Unique product portfolio
- The right technology at the right time
- Speed of action
- Vietnam H.Q. platform

# 2 Wheels Asia Pacific – Roll out plan





- Speed of execution and backbone building
- Deployment of plan in Indonesia, Thailand and Taiwan
- Lifestyle marketing leadership
- Manufacturing footprint extension
  - Cost planning and Asean localization
- Local talent development



# PIAGGIO GROUP ANALYST AND INVESTOR MEETING

## Financials

**Gabriele Galli**  
CFO  
Piaggio Group

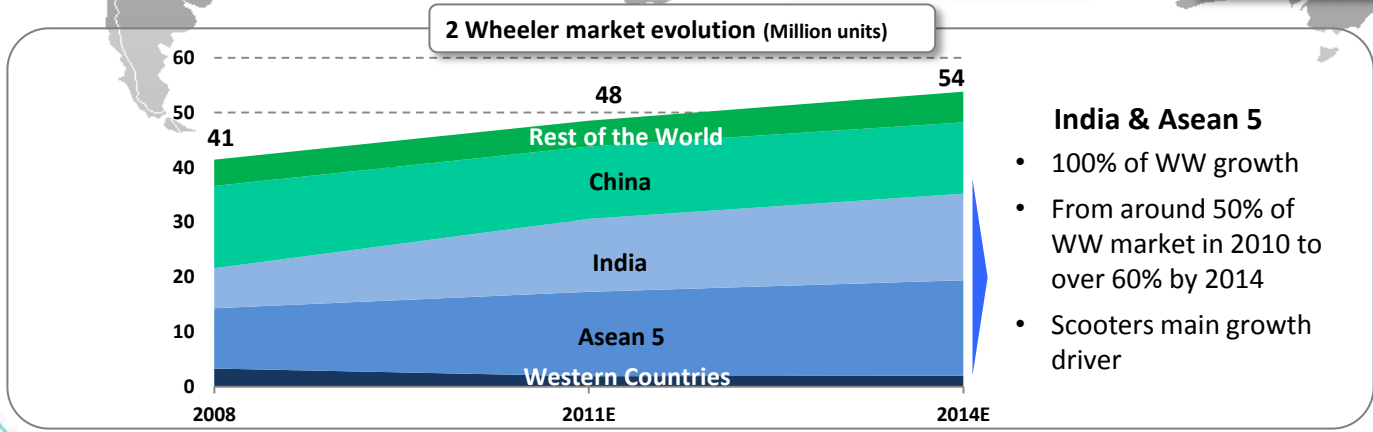
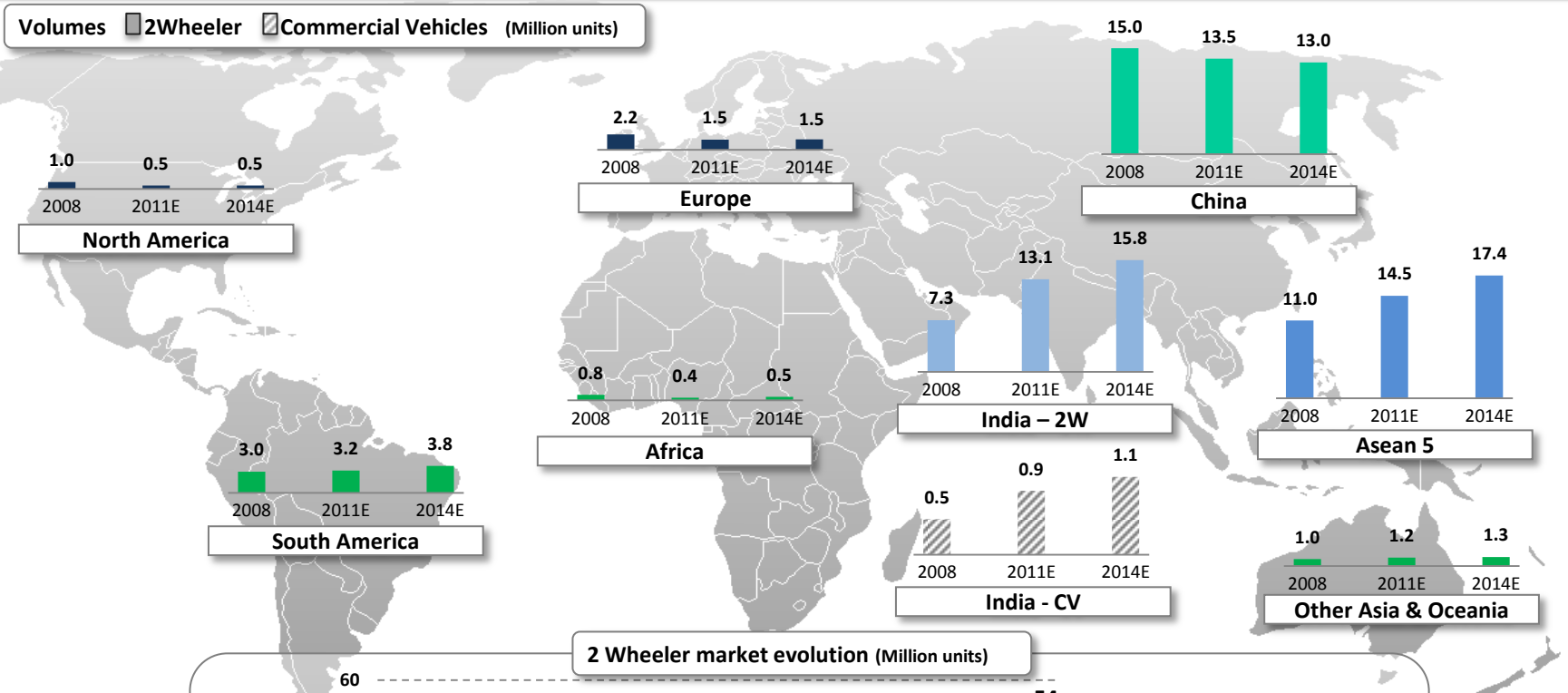
# Emerging Countries' growth will continue to outpace Mature Countries ...



## GDP ( Trillion USD)



Source: OECD, IMF, internal estimates



- India & Asean 5**
- 100% of WW growth
  - From around 50% of WW market in 2010 to over 60% by 2014
  - Scooters main growth driver

# Piaggio development strategy consistent with worldwide economic scenario: gain position in Emerging Markets and maintain leadership in Mature ...



## 2 Wheels

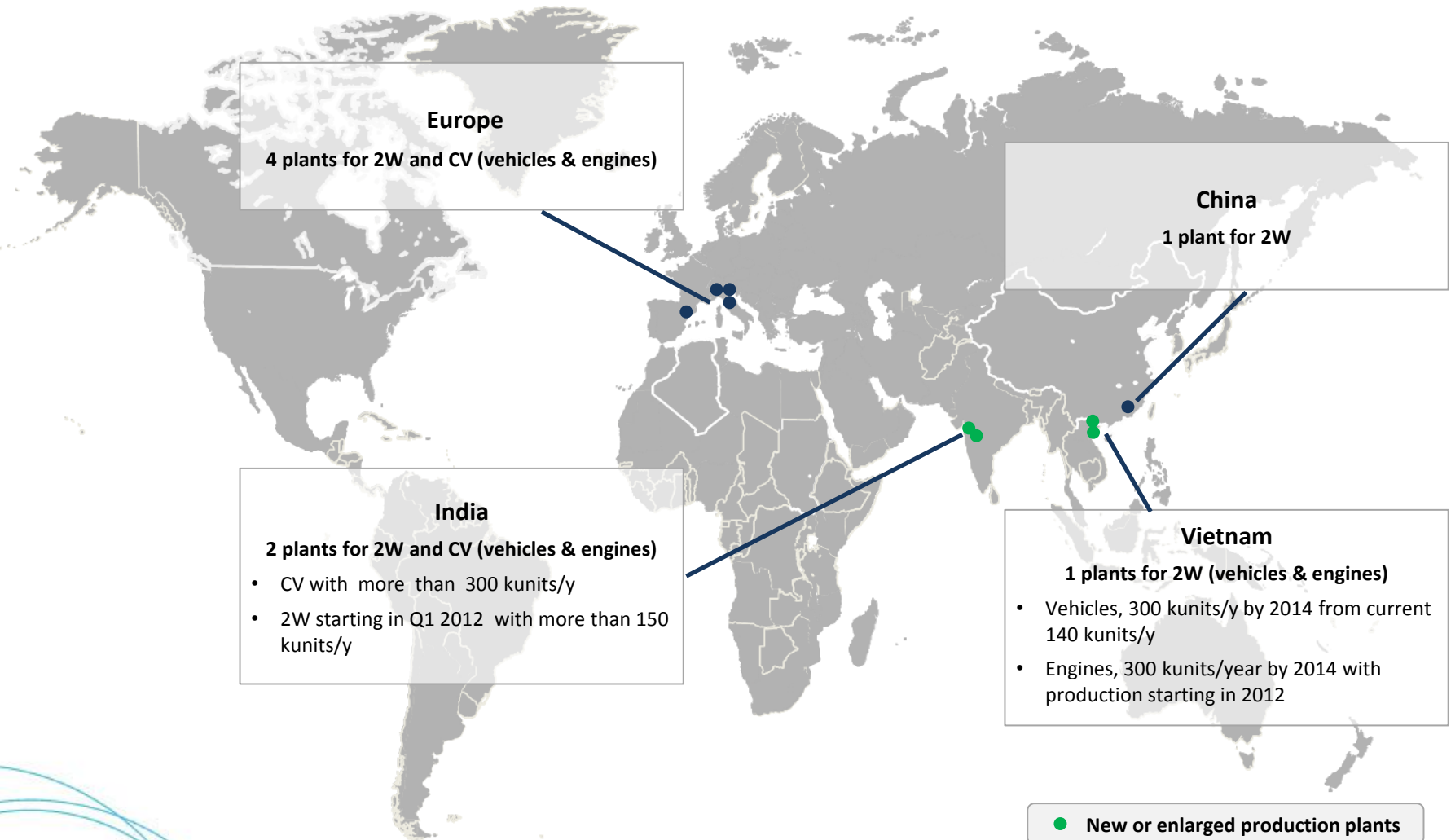
- Grow in Asia Pacific:
  - Extend vehicles and engines range to address new market segments with premium positioning
  - Complete Indonesia market penetration and expand into new Asian markets
  - Increase Vietnamese manufacturing capacity
- Enter fast growing Indian Scooter market with premium brand Vespa
- Strengthen leadership in mature markets:
  - Further increase European Scooter market share after 2011 strong performance
  - Go on improving Bikes sales and profitability also thanks to Moto Guzzi relaunch

## Commercial Vehicles

- Consolidate market share on Indian 3 Wheels also entering City Pax segment with new Apé
- Gain market share on Indian 4 Wheels leveraging on introduction of new products in fast growing sub 0.5T and sub 1T segments
- Support Indian sales through consumer financing
- Maintain current market position in Europe
- Push on export addressing Africa, Asia and Latin America

## Common

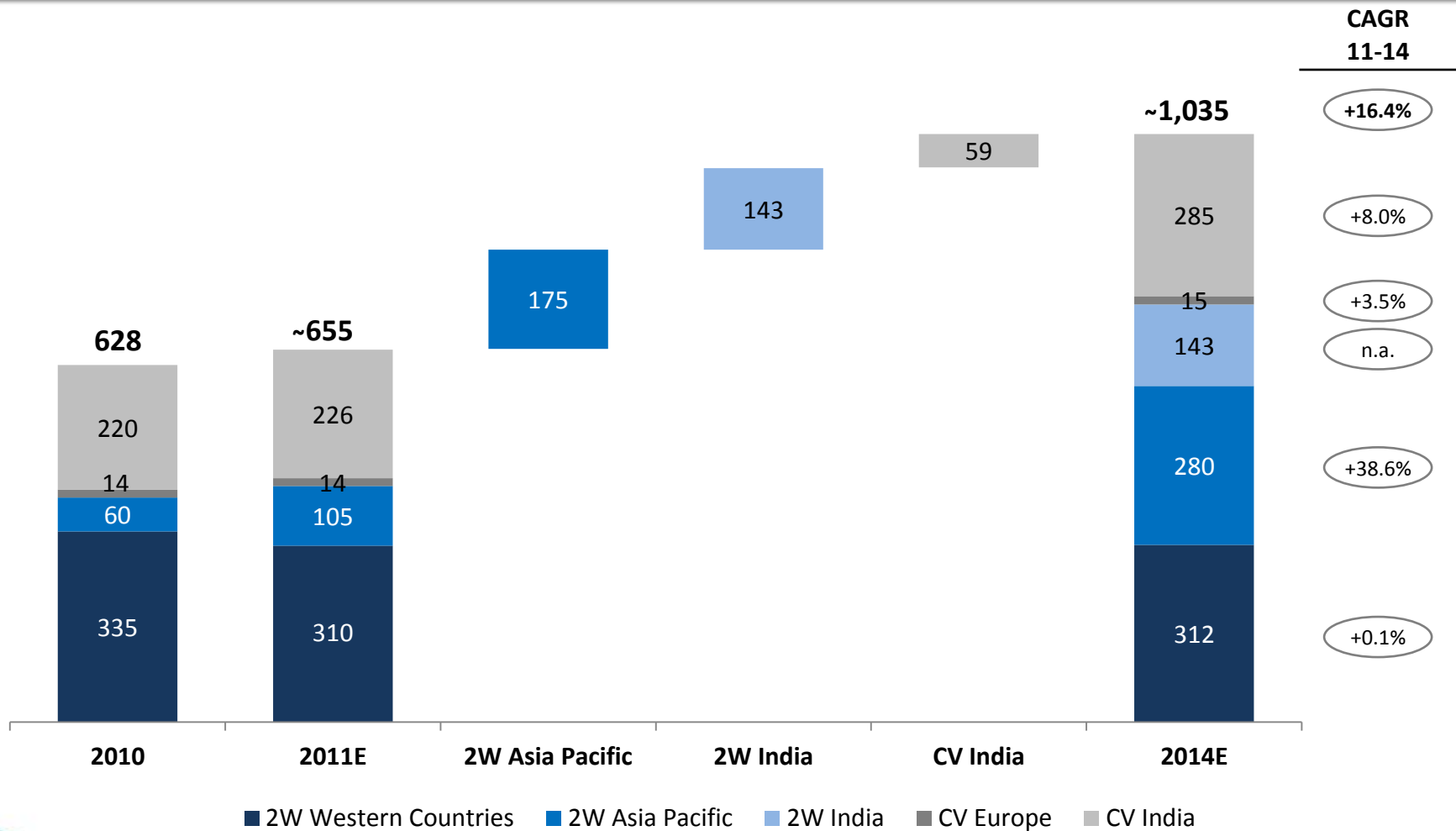
- Feed equity of our premium brands with an integrated communication strategy at worldwide level
- Leverage on the extended international presence to increase competitiveness on product cost (purchasing, manufacturing, engineering)
- Constantly look for productivity enhancement in key processes to deliver value to customers, employees and shareholders
- Identify, develop and retain key human resources, develop strategic competencies and manage people risk to sustain the international growth of the Group





# Strong development of presence in Emerging Markets will drive the significant growth in sales volume...

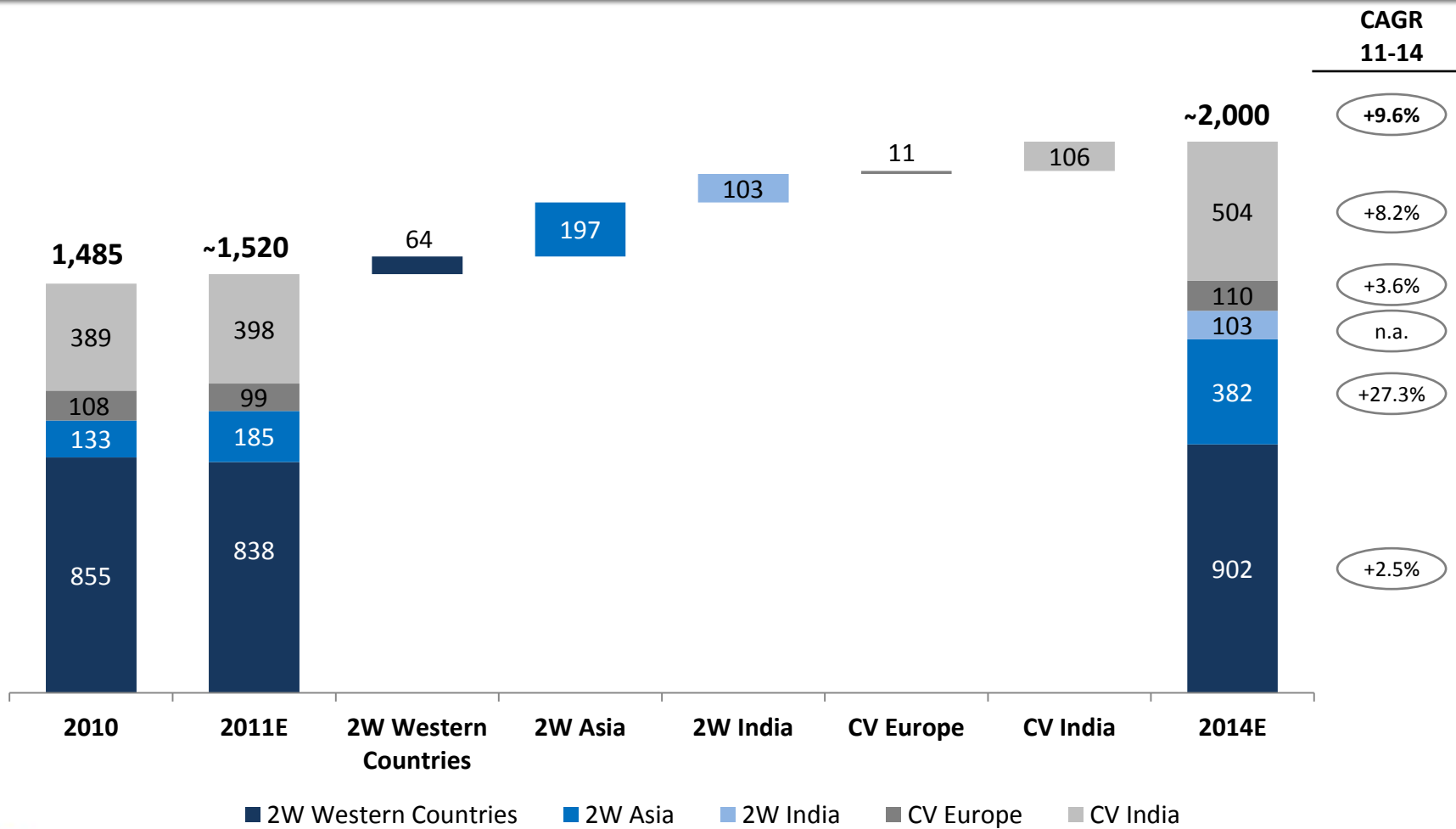
(,000 units)



**About 380 kunits sales volume increase with a CAGR of around 16% in the period**

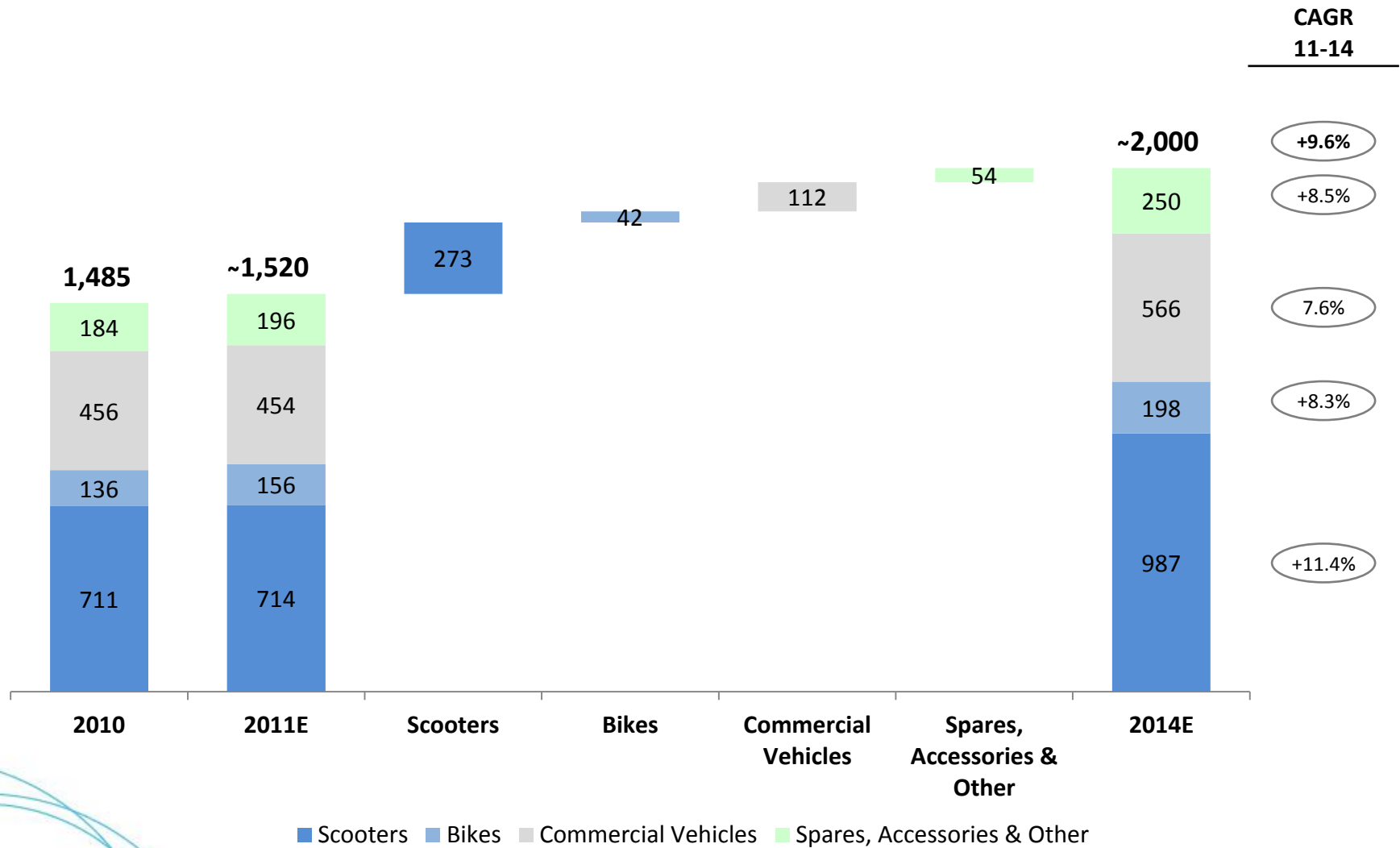
# ...and in Net Sales, which will also benefit from positive mix effect in Western Countries

(€m)



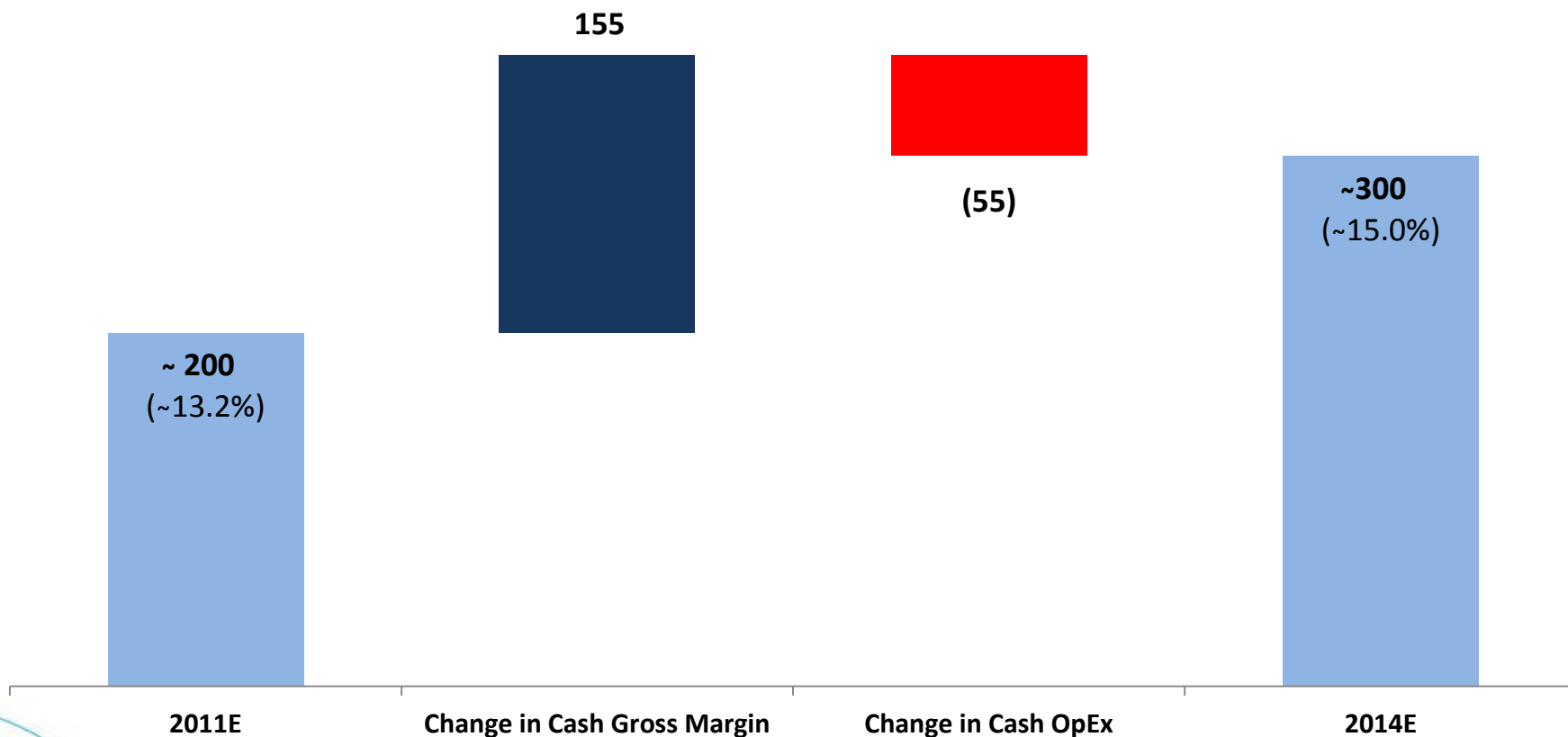
About 480 €m Net Sales increase with a CAGR of around 10% in the period

# Scooters growth driven by Asia Pacific and India, whilst Bikes will mainly benefit from Moto Guzzi relaunch. India will continue to sustain CV business (€m)

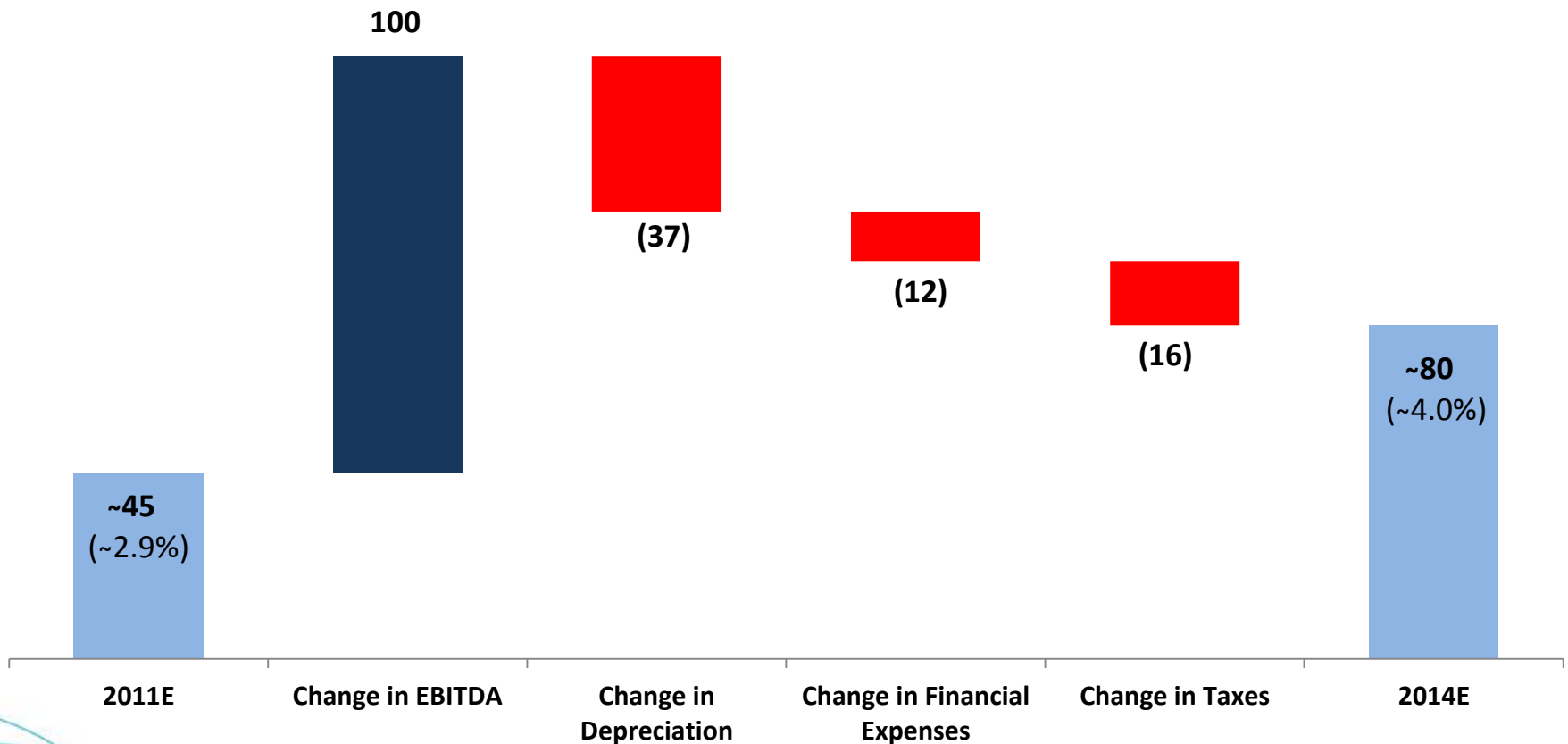


# Net Sales growth and cost efficiencies will lead to 100 €m EBITDA improvement despite higher OpEx to sustain business expansion

(€m)

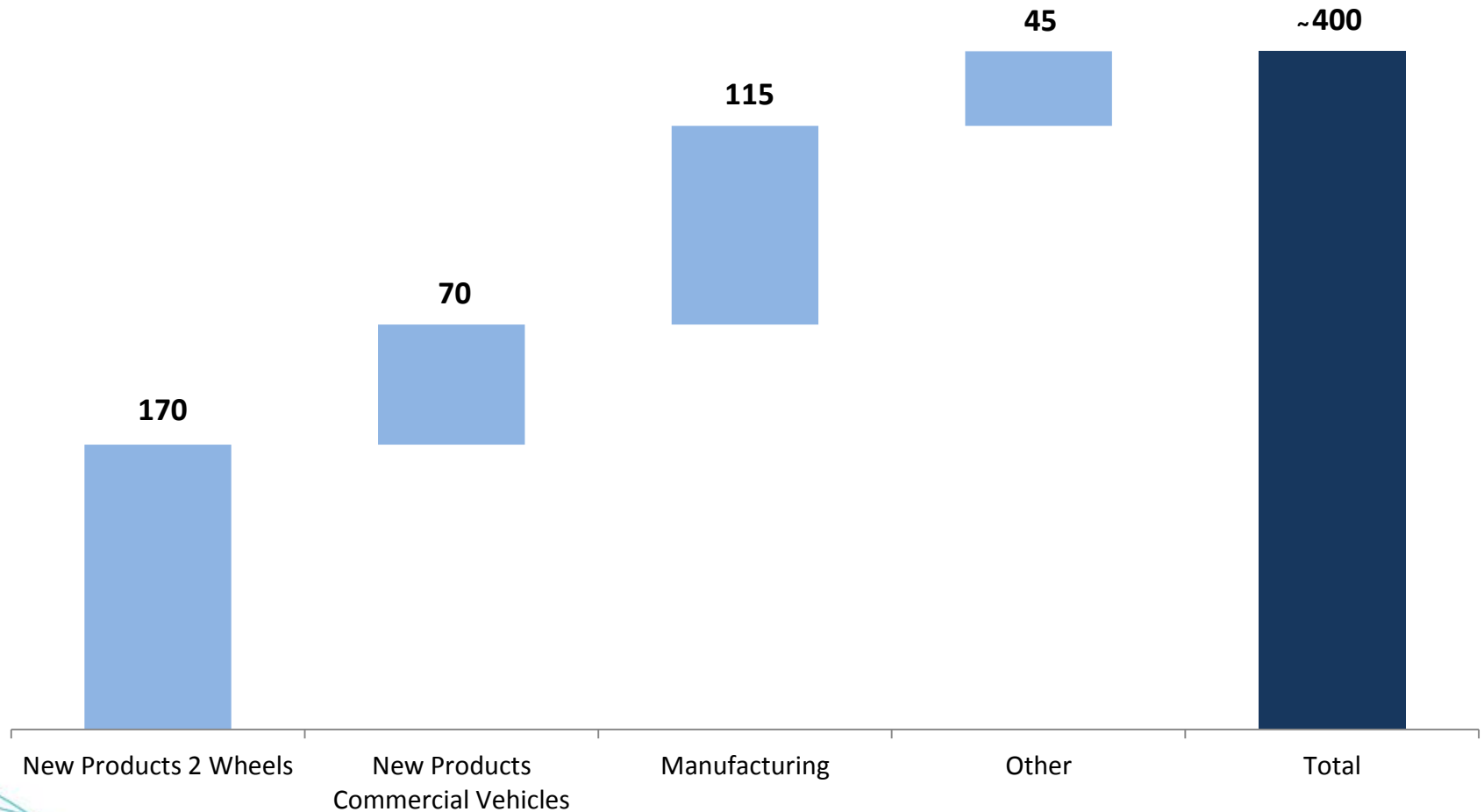


# Growth in EBITDA will drive Net Income improvement to 80 €m (€m)



Note: Change in Financial Expenses includes about 4 €m one-off income in 2011 related to consolidation of Chinese JV results

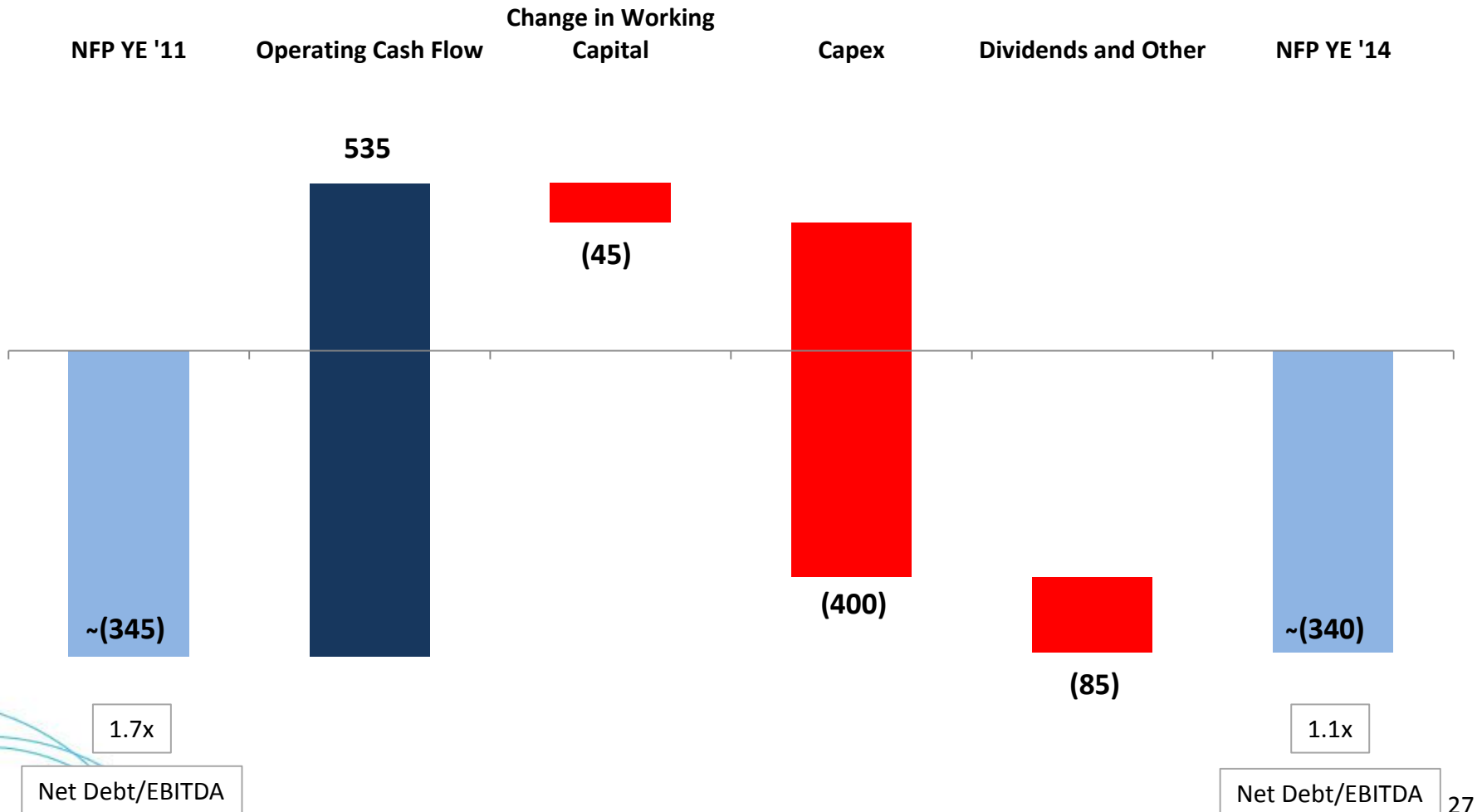
Group development will require around 400 €m in CapEx in the period 2012 - 2014 , of which around 50% dedicated to Emerging Countries (€m)





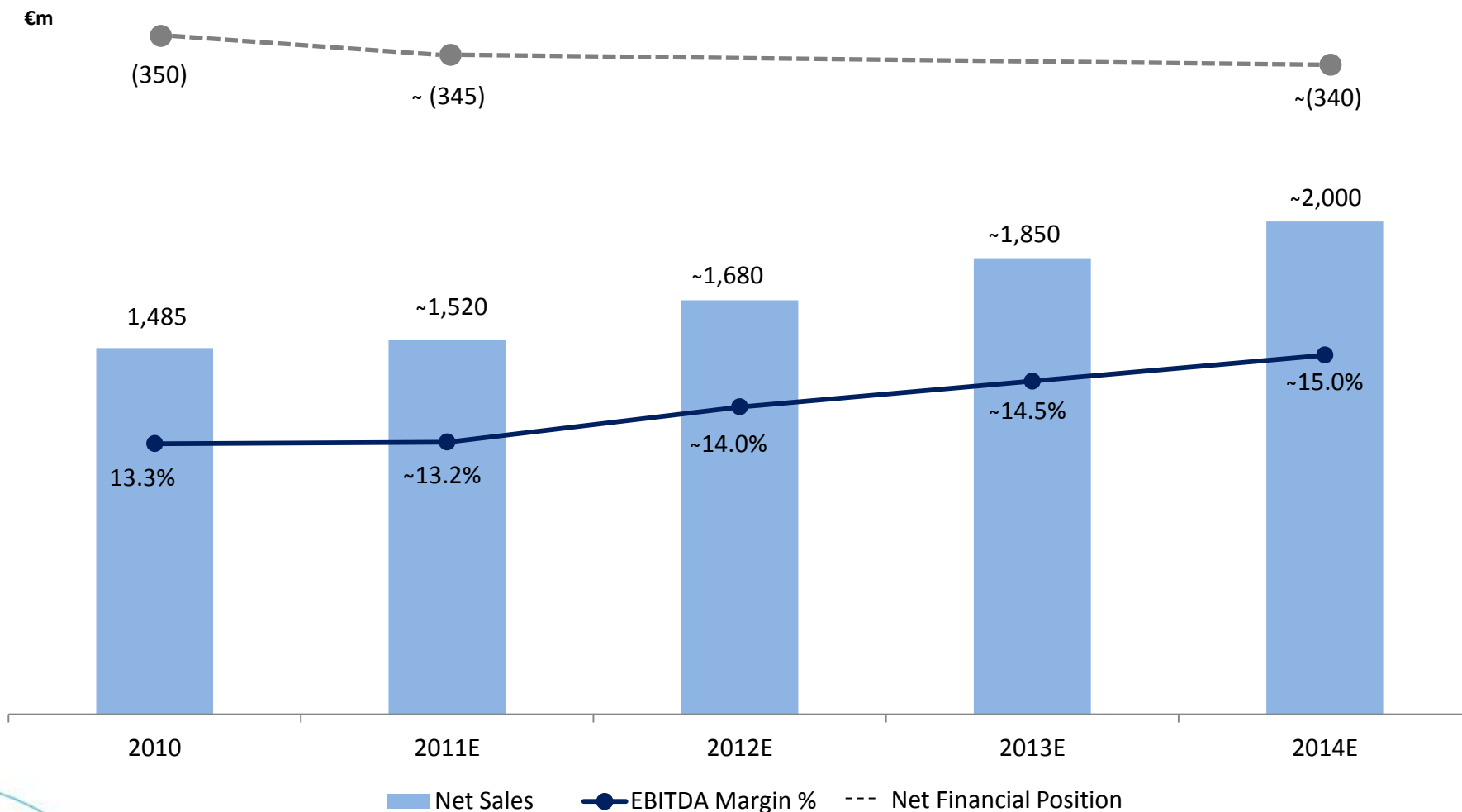
# Increase in Operating Cash Flow will finance CapEx, Working Capital and Dividends ensuring a stable Net Financial Position and an improvement in Debt/EBITDA ratio

(€m)



# Revenues growth will drive the steady increase in EBITDA margin

(€m)



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