# Piaggio Group
# Q1 2025 Financial Results

**CORPORATE PARTICIPANTS**

MICHELE COLANINNO – CHIEF EXECUTIVE OFFICER

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**Operator**

Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the Piaggio 1st Quarter 2025 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. (Operator Instructions).

At this time, I would like to turn the conference over to Mr. Raffaele Lupotto, Executive Vice President, Head of Investor Relations of Piaggio. Please go ahead.

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MANAGEMENT DISCUSSION



**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Thank you very much. Hello, everyone, and welcome to this conference call concerning the first quarter of 2025 financial results. Today's conference will be hosted by Piaggio Group Chief Executive Officer, Mr. Michele Colaninno and the Group's CFO, Alessandra Simonotto. Today we have also the pleasure to have with us Piaggio Group Executive Chairman, Mr. Matteo Colaninno. You can access the slide supporting this conference call on the internet at the Piaggio Group website.

As usual, before starting the presentation, I need to remind you that during today's conference call, we may use forward-looking statements based on Piaggio's current expectations and projections about future events. By their nature, forward-looking statements are subject to risks, uncertainties, and other factors that can cause actual results to be materially different. As mentioned also in the safe harbor statement inciuded on Page 2 of today's presentation. Also, I remind you that the press has been invited to participate in this conference call in a listen-only mode.

With that said, let me turn the call over to our CEO, Mr. Michele Colaninno.

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**Michele Colaninno - Chairman and Chief Executive Officer**

Thank you, Mr.Lupotto, and good afternoon to you all, ladies and gentlemen. Thank you for joining our conference for the first quarter of '25.

Let me briefly summarize what characterized the first 90 days of the year, given that, as you all can see, overall markets in the world have shown decline numbers for the business, for the mobility of two-wheel and four-wheel business in Europe, USA, China, Asia, and India. Given that, markets go up and down and we are present in all those countries, I would like to outline that we are at the peak level at the gross margin level.

It means that, well, I'm very satisfied and proud of this, because, given the fact that revenues are down, and this is a fact, we have maintained a 30.5% gross margin. I would like to also underline that we started from 2022 that we were at 25% of gross margin and we continuously improved our processes and productivity management, even if we showed this year declining revenues. It is particularly important to say that our, let's say, generation of new processes to maintain and control day by day what happens around the world in our production plants, in our purchasing processes, and in all the numbers around the production of vehicles, is very satisfying. At least we have confirmed what we told you last year that the productivity and the margins would have been the drivers and the strategy around what Piaggio would have managed both 2024 and 2025.

Markets are down and we are in a situation in Europe where we still have transition from Euro 5 and Euro 5+, that's normal. Every time you have new introductions of laws and legislations for pollution, safety, drivability, it is totally a consequence of having a stock, dealer stock, that is going to zero from what it was at the end of the year for the Euro 5, and we are now at the end of the process introducing Euro 5+ vehicles. I told you that April would have been the last month of introducing to the dealers network our new vehicles.

USA is down by 10% the market. We see some difficulties in understanding what will go on for the next months regarding tariffs. As I had the opportunity to point out some weeks ago, we will manage the situation. It's our job to mitigate tariffs and we have done exercise and taken decision to reach the goal of mitigating the process, mitigating the problem and don't have impact, or let's say big impacts, on USA profit and loss statement.



Asia is down, the consumer market is not recovering, especially in the premium market, even though we saw Vietnam in the last quarter that has shown, let's say, a plus, even if it is a small plus, it is a plus compared to previous quarters. And Vietnam is very important for us, because it is a good market, it is a rich market, and it is a high margin market.

China is still suffering. You can see in every day press launch, that the automotive that, it is not our market, but it is a mobility market, is showing low numbers for imported vehicles, even though we have a production facility there, that we are restructuring, and that will be at the end of 2026, let's say, quite new, and we will think, and we are thinking of launching dedicated products for China market with our brands, but following what is going on in China, that is one of the biggest electric mobility business in the world, so we will invest in those kind of vehicles for the Chinese markets. For the time being, it is not for exports, because outside of China, that business is still very, very low. We are investing, we will continue to invest in all the technologies, so thermic engines, safety, electric engines, because we think, I think, that the markets will evolve, it will take time, but we will be ready to fulfill the needs of the customers, whether it is thermic or whether it is electric.

Let's say India is a place where we are growing at an EBIT level, because we are happy of being there. The market is still going well. Electric mobility in India in three-wheel and two-wheel business is a low-margin business. We have the vehicles, but we are not pushing, just waiting to have a better purchasing power and reducing costs in the country. I am positive on India, I think it is a good place to be. It is an enormous opportunity to be there, and we will start in June evaluating the results of our studies about introducing new vehicles for the two-wheel business there, as we see that we can match the competition now, given that , the GDP per capita is growing and we think we are now able to compete with other brands in India. We will launch electric vehicles in the next years and we will continue to launch also thermic vehicles in India in the next years.

As far as other markets are concerned, let's say we are thinking about going into Africa, as you know from India. And I confirm to you that strategically, in the medium to long term, it's a good opportunity for us. And I think that Africa could be the next India for our business.

As you can see, the first quarter of 2025 has shown reducing value in our inventories, it is positive, minus 20 million compared to last year. We are managing the cash flow in a proper way. We have done better cash absorption compared to the first quarter of last year. So I think that from an operation and cash management point of view, we are just doing a good job. Obviously, we wait for some stability in the world, given that, the geopolitical situation is not recovering. But, given that, we are managing the cash and investments as we targeted, I think that we will continue to reduce and work to reduce our inventories in the next quarters and to manage, as in the first one, cash and CapEx.

We wait to see a rebirth of the Asian markets. As I told you, there is some slightly positive event in Vietnam. Thailand and Indonesia are still interesting for us, obviously. And so, given that, at the end of the year, it is difficult to forecast if any other geopolitical or extraordinary events will come on the table, it is enough what we are managing. I think that there could be, by the end of the year, given that, the second part of 2025, we forecast better results compared to 2024, that has been slightly negative. So I am not negative on the year. Well, markets are what they are. The business is what it is.



But we can still see some number around EUR290 million at the end of the year EBITDA. It is difficult, yes. Many challenges are on the table for everybody, not just for Piaggio Group, but with the strength of our brands and with the launch of the new products that we are doing all around the world, I think we can still work on it.

Obviously, first priority is to continue to, as I told you, to manage cash. Cash is the priority for everybody around the world, given that, it is difficult to forecast what happens around markets on new vehicles purchased in Europe and U.S. For sure, what we are doing is very positive for the gross margin, even for the next coming quarters, because we have in piece all the processes that are necessary to maintain these kinds of numbers and to be in line with the EBITDA percentage, compared to the first quarter of this year.

Obviously, we will not increase or push the accelerator for capital expenditure, unless we see some stability in the markets. This is another consequence of managing cash. That is what I can say about 90 days of the year at the beginning. And I am very satisfied of the people. They are doing their job. We are doing our job. And I repeat that on Page number 6, I guess, where we show the gross margin compared to last year, it is notable the job that has been done, considering that this year, the revenues are down.

So Raffaele, I think that this is mainly what happens in the 90 days of 2025.

I am ready for Q&A or whatever you need from us.

**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Okay. Thank you very much. So I'm speaking to the operator. We are ready to start the Q&A session. Thank you very much.

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QUESTION AND ANSWER SECTION

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**Operator**

This is the Chorus Call conference operator. We will now begin the question-and-answer session. (Operator Instructions). The first question is from Monica Bosio from Intesa Sanpaolo. Please go ahead.

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**Monica Bosio – Banca Intesa San Paolo**

Good afternoon, everyone, and thanks for taking my questions. I have three. First of all, thank you for the EBITDA and EBITDA margin indication for full year. Now, coming back to revenues, I know it is difficult to predict, but the first quarter was hit by a decline in market demand and, on top, we had the shift to Euro 5+ in Europe and the Western market. So can we expect a reversal of this trend, of the negative trend, of the revenues in 2Q in the second quarter, particularly in Europe?



The second question is on the free cash flow generation. You did very well on the inventory side. Cash generation is a top priority. So are you confident with consensus expectations flagging a net debt at roughly EUR480 million or maybe we can do something better?

And the very last question is about strategy. In the past years we have seen a strong focus on motorbikes, both in terms of product launches and marketing. In contrast, maybe I'm wrong, there haven't been any major new scooter launches. How should we see this? Is it permanent strategic shift for the group or what else? I'm just asking because the scooter segment is the most profitable and cash-generative. So any flavor on this would be very helpful. Thank you.

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**Michele Colaninno - Chief Executive Officer**

Thank you, Mrs.Bosio. This is a situation where it's difficult, as you said, to predict the revenues by the end of the year and net debt is a total consequence of that element because cash flow is generated by revenues. Having said that, well, for the second quarter of the year I do not expect a jump in sales, given that, we are in April and the season especially in Europe is just entering the high peak season. Remember that last year the second quarter was quite positive. I would say that by the end of the year we can have positive results in revenues, given that, the second part of last year has been affected by declining volumes. So I don't see that we have to tell whatever happens in the next week or two. We are foreseeing at the end of the year, for sure, because it's totally unpredictable what happens in the markets.

Cash generation, I repeat, it's a total consequence of revenues. You ask for EUR480 million. I would say that the target is to be around EUR500 million, lower than EUR500 million but not higher than EUR500 million. This is what I have in mind in a tough situation. The situation is not easy, but not for Piaggio, not for scooters, not for bikes. It's because the consumer is waiting for some stability. Everybody has a family and they continuously have been affected by news, negative news, coming from around the world. So I think it's just a momentum where people are waiting. It's not they don't want, they don't have money or they don't want to buy. They're just waiting.

U.S. especially. If you see U.S., for instance, the market is a big market for medium bikes. We are just launching our new 457 bike in U.S and I think that as we can manage the price list in the proper way, the American market is interesting. Yes, you're right, we invested in bikes. We have done a good job, given that, the new bikes we launched have totally given us the return in revenues substituting disappearing markets such as the 50cc scooters around the world. So we have maintained our value even if some market has disappeared. For scooter strategy, well, it's not true. We're not launching new scooters because, we don't have to put on the market too many vehicles. We have enough vehicles. I consider the new Liberty as a new vehicle even if it is a Liberty. But the upgrading of the Liberty, of the Medley, of the Beverly, of the MP3, of the Vespa are more than enough for our dealers and the markets of today. If you see our competitors, perhaps, they have lower numbers of vehicles on their pricing pages. But everybody is continuously updating the technology more than the hardware. The hardware of a vehicle, there is a frame or some design upgrade, it's what you have to do but it's not necessary to put on the market totally new vehicles.

We will introduce totally new vehicles, as I told you, in India because India is a different market. But for Europe and U.S., I don't see the necessity to introduce totally 100% new vehicle. It's an ongoing evolution of the actual product range. But also in motorbikes, as I told you, we invested in motorbikes because we had to fulfill some gaps. We had gaps with competitions in some medium engine vehicles and we fulfilled the gap. But now, as in scooters, and that's why I told you, I don't remember if in September or in December, that our capital expenditure in new product will decline in the future as a consequence of not being obliged or not having gaps compared to the competition in displacements or technology. So, it is more, let me call it maintenance, even if it is not maintenance, but it's an upgrade of the technology installed on our bikes and scooters, obviously.



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**Monica Bosio – Banca Intesa San Paolo**

Thank you.

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**Michele Colaninno - Chief Executive Officer**

Then, in the future, it doesn't mean that we will not launch new vehicle. Obviously, but a Vespa is a Vespa. We will have upgrades, perhaps some new design, perhaps some new software, but Vespa is a Vespa.

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**Niccolò Guido Storer – Kepler Cheuvreux**

Hi, good afternoon and thanks for taking my two questions. The first one is on gross margin. If we look back at Piaggio's history, usually they've always had a stronger Q1 and then on average a deterioration in the coming quarter. So, is it reasonable to expect this to happen also in 2025 or things have changed and so we might expect to keep high levels throughout the years?

The second question is related to currencies movement that we've been seeing and in particular U.S. dollar. If we have to imagine to live from now on, in a world where U.S. dollar is structurally weaker, which could be the impact on your profitability? Thank you.

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**Michele Colaninno - Chief Executive Officer**

Thank you, Mr.Storer. Well, for the gross margin dynamic, I would say we will be around what we have achieved in the first quarter. Then if it is a 0.2 better or worse, I'm not able to tell you today, but we are working to maintain this kind of number. Obviously, now this kind of number is also affected by some logistic costs that we have given that the timing of logistic due to the Suez Canal, due to the wars around the world, it's slightly worse compared to prior years. So, it could also happen that, if we have some relief around the world, we can confirm as you said the 30.5%, but let's say we will be around 30%.

Currency is an interesting question. Well, we decided as we do all studies and we do all our analysis, we took the decision to cover some international currency whenever we saw the possibility and the window to maintain the gross margin. So, whatever we see the possibility to have no problems related to U.S. dollar, Chinese renminbi or Indian rupees, that are somehow hysteric in this kind of situation, whenever we see the possibility to ensure the margin, we took without any speculation obviously, the possibility to hedge the currency.

I don't know if it will be weaker or not. Everybody in international banks and international studies said that after the new administration came in, the dollar would have been stronger. It has been the opposite. So we follow the situation, we take the opportunity, if the market offers some opportunity, without having hysteric movements on currencies. Currencies are not our business. If you can cover it with hedge, it's better to do this. Then, perhaps you lose some opportunities, but this is speculation. This is not managing a production business.



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**Emanuele Gallazzi - Equita**

Good afternoon, everybody. Two questions from my side. The first one is on Europe and in particular on the competitive environment. I was just wondering what you are currently seeing in the market in terms of, let's say, commercial policy from your competitors, like discount. And the second one is on the APAC. Clearly, the visibility is low. The premium segment was still down in the first quarter, but just to understand what kind of situation you have seen in April with U.S. tariff kicking in and if you have seen any change in your client attitude there. Thank you.

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**Michele Colaninno - Chief Executive Officer**

Thank you for your question. Well, Europe is obviously a competitive market, given that, it is, by value, still the biggest in the world, so everybody is interested in coming in Europe. What I think we have done properly is not reducing our pricing point, but maintaining our pricing point and not entering in big discount war. I am speaking about Europe. And we will continue. Obviously, we will manage with our dealers some promo, some opportunity, given the situation in special countries. So, commercial opportunities on the table, we will take opportunity to participate. But I think it's wrong, it would be wrong, to enter in a price war, given that, the competition is not 100% balanced with Chinese markets coming to Europe.

Some players are doing big discounts, but I don't think we would benefit from it. The market is there and it is still lower than last year. So the risk is that you discount, but the number of vehicles is not increasing so much. So it's better to maintain the pricing point and to continue to invest in our brand equities instead of showing a lower price to the customer.

APAC is the same. We are maintaining the price. We are not reducing our investments. As you know I'm positive on APAC for the medium to long-term period. The curve is positive, for sure. Money is there. So I hope that this situation is quite difficult, as you said, and I agree with you to predict from tomorrow morning what happens. But I'm positive. U.S. tariffs, I said we will manage, and we will manage through commercial deals with our dealers, through our dealers, to reach the customer. We have a correct pricing point there now, if and when and how tariffs will come on the market, for sure, we will have to study some new commercial policy for being competitive in the market. It is a big market, especially in the bike market, medium-sized market is very interesting for us.

That's what I can foresee for U.S. market. We are in a wait-and-see position. Some customers are buying, predicting that tariffs will come. So you asked me April. Well, we don't disclose a monthly review for our business, but April, for instance, in the U.S. has gone well. But because it's just a psychological situation where some customers said, hey, it's better to buy now instead of having 25% increase in June. But numbers are not so big for us, especially in the scooter market. So the impact is very low, let's say like this.

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**Anna Frontani - Berenberg**



One from my side. If you can please confirm the expectation for the absolute EBITDA for 2025, please.

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**Michele Colaninno - Chief Executive Officer**

Sorry, I told you perhaps you didn't listen or I was not so clear. We expect now, as we are speaking, to be around EUR290 million by the end of the year, million euros absolute.

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**Gianluca Bertuzzo– Intermonte**

Hi everybody, and thank you for taking my question. I have a question on Europe and in particular about the stock level here. Are you happy with the stock level? It has increased or decreased compared to the fourth quarter or remained stable? Because I saw you had a lower market share compared to last year in a declining market. So maybe if you can elaborate on that, it would be helpful. Thank you.

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**Michele Colaninno - Chief Executive Officer**

Well, it's also written on our papers. The declining market share is not relevant in the first quarter of this year in Europe, given that we have EURO 5 to EURO 5+ transition. So you have used vehicles or EURO 5 markets that is going down at the same moment we are selling to dealers the new EURO 5+ vehicles. So the first quarter is not relevant for the market share for scooters and bikes in Europe. As far as you asked for the stock, dealer stock is down compared to last quarter of '24.

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**Monica Bosio – Banca Intesa San Paolo**

Just a question on India. The electric three-wheel market is growing a lot, if I'm not wrong. And if I'm not wrong, there is a lot of competition from local players. It's a low-margin business. You said that in India, the company will continue to invest both in thermic and in electric. I was wondering if you are seeing any market share decline, or if you see a drift in the market share for the LCV in India due to the aggressive push of low-margin producers. It's just my curiosity. Thank you.

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**Michele Colaninno - Chief Executive Officer**

Well, the three-wheel business in Europe, in India, it's the same for everybody. You can say that Piaggio is a local producer. They have seen more than four years. So I think it has been the first producer of three-wheel vehicles in India. So we are the same of our competitors. We have 2,000 people there in a big factory. Given that, the three-wheel electric vehicle market is a subsidized market, so the state is putting money for this. We have the vehicles, no problem. The margins are lower for everybody. It's not that Piaggio has lower margins compared to the competition. We will push mostly in big cities for downtown, so not for the rural area where the electric market is zero. Given that we have done investments and we have the vehicle, we will be on the market. Obviously we are happy about the thermic engines that are more rural in India and we are gaining some market share over there in the specific segment of thermic engines.

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**Niccolò Guido Storer – Kepler Cheuvreux**



Yes, thank you. Can you please share with us which are the assumptions you are currently making for Western country sales in the remaining part of the year to get to the EUR290 million EBITDA, in particular, If you are assuming sell-in going hand-in-hand with sell-out or if you are assuming to get to EUR290 million with maybe some restocking if needed and if the markets are not developing particularly well. Thank you.

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**Michele Colaninno - Chief Executive Officer**

Well, the dealer stock dynamic is obviously linked to the seasonality of the business. So you have a moment where you stock something and it's from now to June and then you maintain or reduce, tend to maintain or reduce the dealer stock. No, we will not push for stocking because it's just a tomorrow morning business. So it's not safe to make money on stocking network. What we see is that the European market can recover after this EURO 5 transition and compared to last year where, you know, around the world, it's not just Europe, but the second part of the year has been weak, we see some positive trends not just in Europe.

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**Operator**

Management, there are no more questions registered at this time.

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**Raffaele Lupotto – Executive Vice President, Head of Investor Relations**

Okay. So thank you very much. We can conclude now the conference call. Then if you need other info, you can call me later. Thank you very much for attending this conference call.