



**PIAGGIO
GROUP**

Piaggio Group
First Quarter of 2018 Financial Results

Conference Call | May 8th 2018

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Market demand

Strong start to the year in Emerging Countries more than offsetting temporary European weakness

- Western Countries demand ended down vs. prior year:
 - European 2 Wheelers declined affected by extremely unfavorable weather conditions and challenging comparison base for 50cc vehicles;
 - Scooters declined ~11% dragged down by 50cc plummeting ~35% after unusually strong Q4 2017 (+93% y/y) linked the shift from EURO2 to EURO4 engines; over 50cc ended up mid single digit; Spain was the only major country ending up vs. PY
 - Bikes ended slightly up ~3% with positive trend spread across all major countries
 - North America confirmed PY negative trend, namely in Scooters which ended down double-digits, thus reaching the eight straight quarter of decline
- Asia Pacific confirmed positive demand trends of PY:
 - Vietnam positive momentum continued mainly driven by Scooters which ended up high single-digit
 - Asia ex Vietnam posted solid growth, mainly driven by Indonesia up mid single-digit
- Indian demand surged across all segments:
 - 3 Wheelers demand rallied ~90%; although helped by easy comparison base and the release of new licenses, the market ended above 2016 level too, thus confirming improving underlying demand trend
 - 2 Wheelers confirmed the unabated upward trend, namely with Scooters ending up by ~24%

Financial Highlights

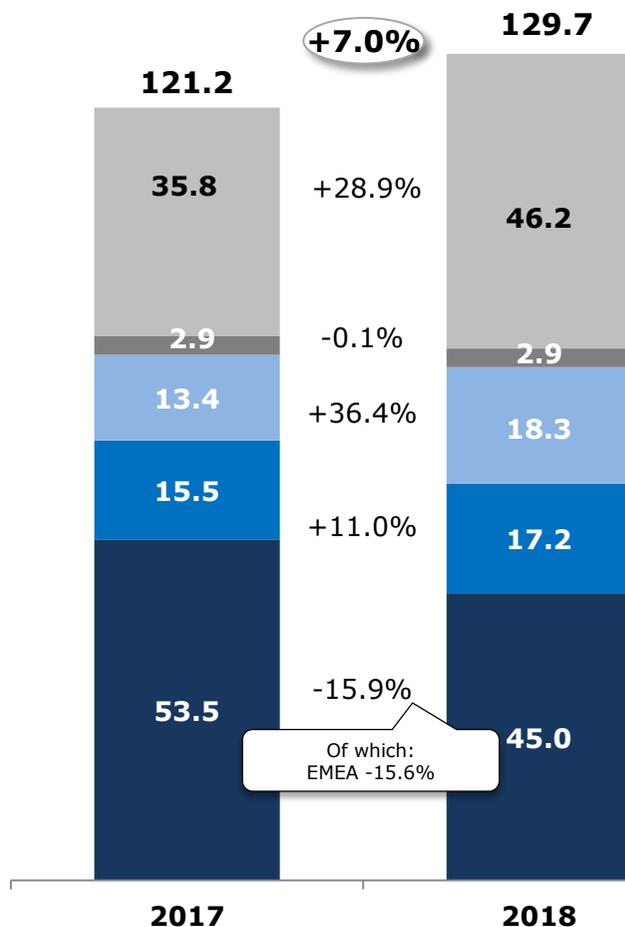
Record Q1 results with EBITDA @ 43€m and margin @ 13.8%

Healthy performance, despite unsupportive demand in Western Countries, with significant uplift of all key financial metrics

- **Net Sales up by ~3€m** (+1.0%; +6.7% at constant FX)
- **EBITDA up by ~2€m** (+4.9%; +1.0 % at constant FX) against tough comparison base, **with ratio on net sales at 13.8 %, 0.5 p.p. above 2017**
- **Net Profit up 2.5€m** (2.7x Q1 2017)
 - **Gross Margin on the rise** (+1.5€m), with improvement of the ratio on Net Sales reaching 31.0% (+0.2 p.p. above 2017) benefitting from positive FX effect
 - **Cash Opex below PY**, further proving the ability to rein in SG&A despite higher marketing spending
 - **Financial expenses down** by ~1€m, benefitting from lower debt level and reduced cost of funding
- **Capital Expenditures at ~22€m**, ~4€m above prior year level, to sustain the pipeline of product launches and consistent with FY target
- Seasonal Cash Flow absorption led **Net Debt at 503€m, ~30€m below March 2017 level**

Evolution by business

Volume evolution by Business (kunits)



Highlights

Growth, driven by healthy performance of Emerging Countries more than compensating for weak market demand in Western Countries and negative FX effect across the board

CV India

Growth driven by healthy domestic performance and surging exports

CV Western Countries

Volumes underpinned by growth in exports

2W India

Strong growth, outstripping market trend, boosted by Vespa sales

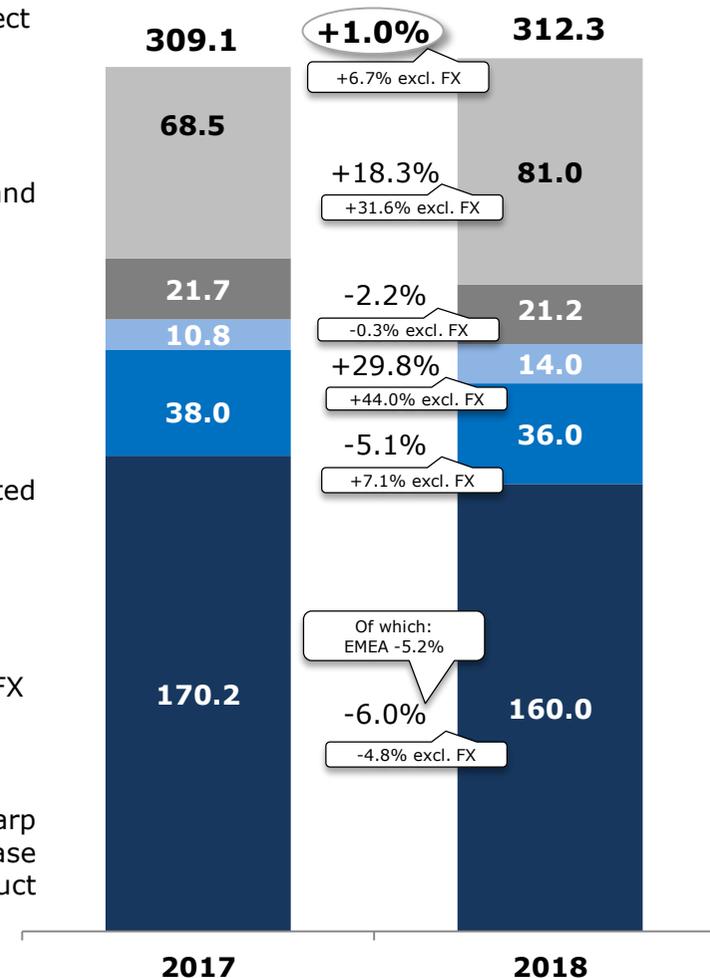
2W Asia Pacific

Healthy performance - driven by Asia ex Vietnam, namely Indonesia, Taiwan and China - dented by FX effect

2W Western Countries

Temporary slowdown, reflecting one-off 50cc sharp decline, harsh weather conditions and lower increase of dealers' stock in preparation for new product launches in Q2, namely Vespa

Net Sales evolution by Business (€m)

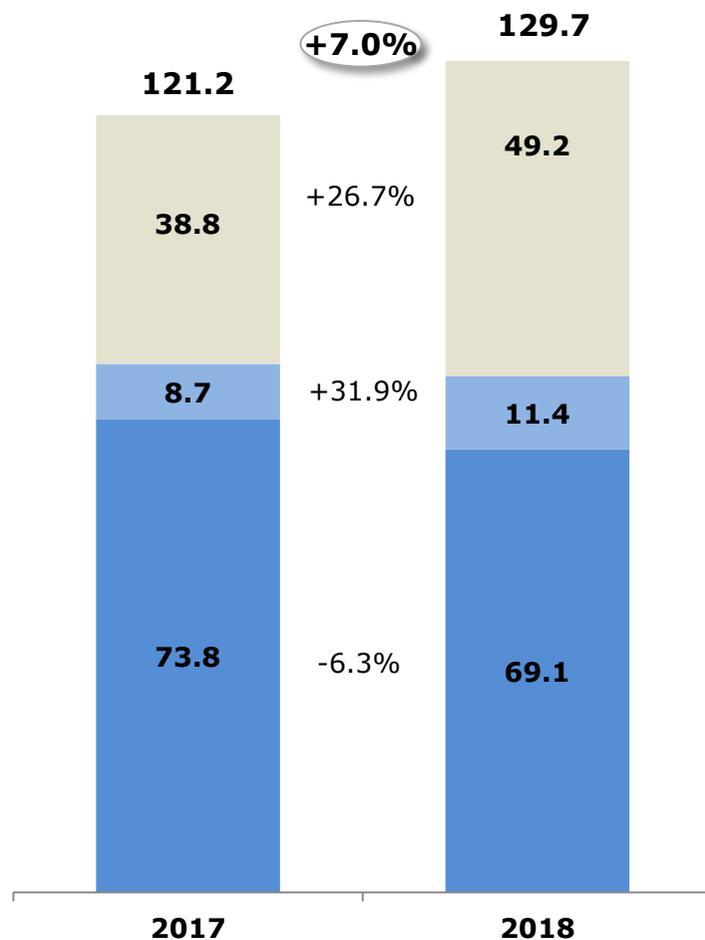


2 Wheelers: ■ Western Countries ■ Asia Pacific ■ India

Commercial Vehicles: ■ Western Countries ■ India

Evolution by product

Volume evolution by Product (kunits)



Highlights

Scooters performance affected by Western countries demand weakness; Vespa was the bright spot ending up both in volume and revenues. Bikes posted strong growth outstripping market trend.

Commercial Vehicles

Strong performance on the back of positive demand trend in India and strong growth in exports

Bikes

Strong growth driven by Derbi and Aprilia which benefitted from strong performance of Tuono, Shiver and SX

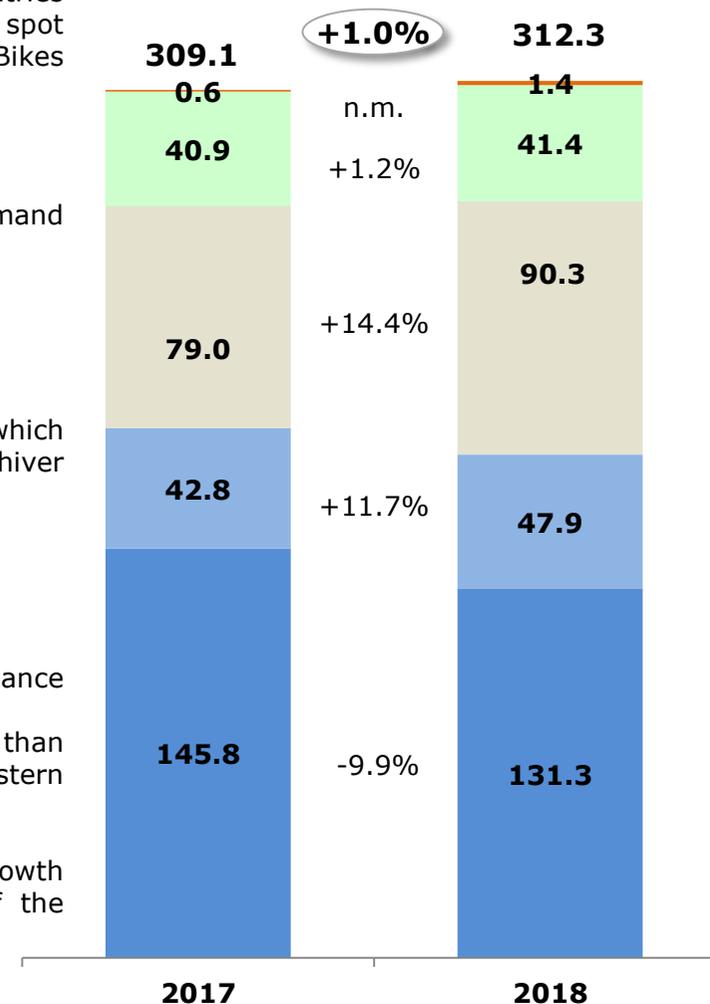
Scooters

Vespa posted once again sound performance boosted by:

- strong growth in India and Asia more than compensating for soft market demand in Western Countries
- positive price effect in all geographic areas

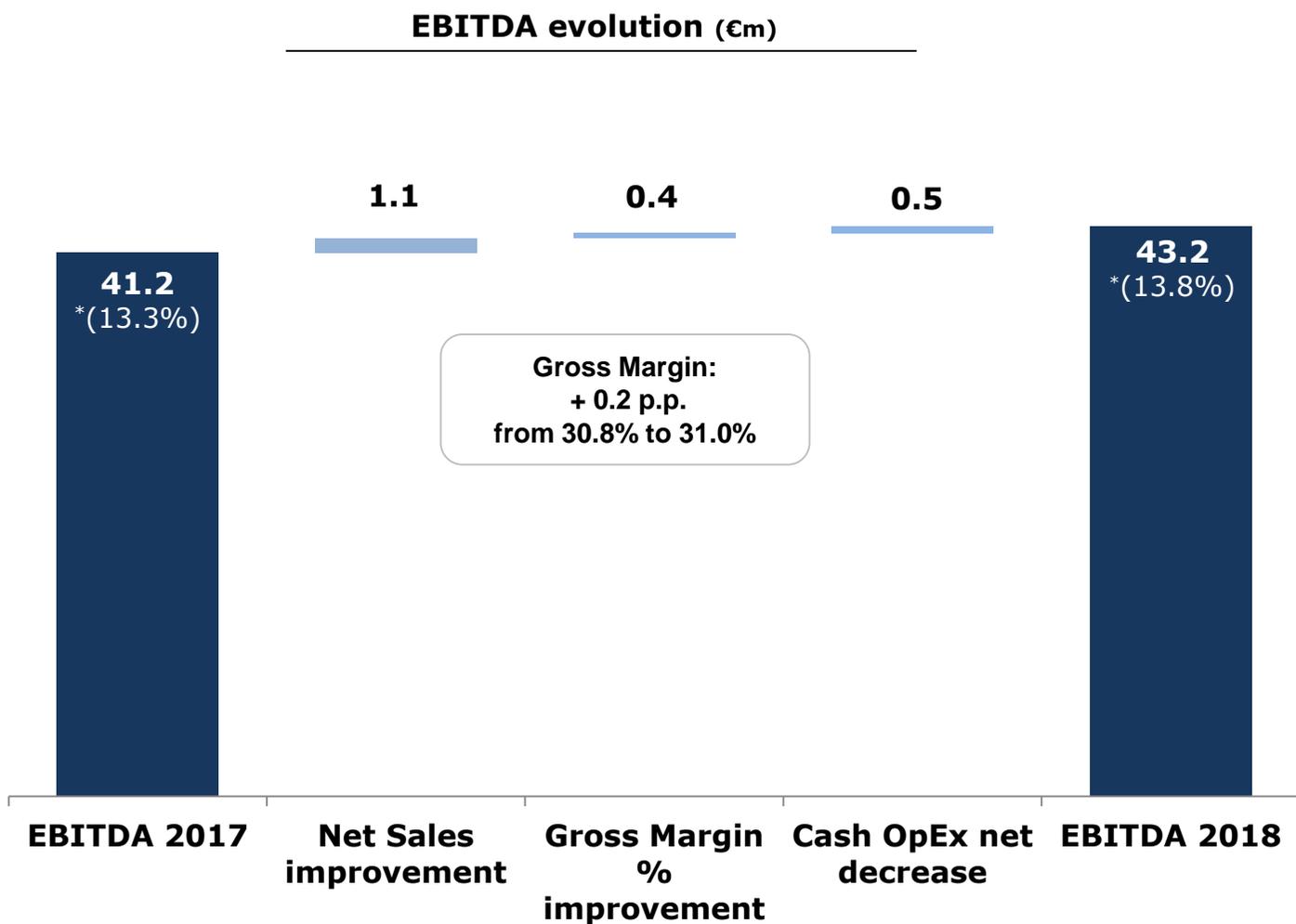
Among other scooters Liberty posted sound growth and MP3 ended already slightly up ahead of the upcoming launch of two new versions

Net Sales evolution by Product (€m)



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

EBITDA evolution



Highlights

Top line growth, heightened efficiency and ability to curb Operating Expenses drove **significant EBITDA uplift to 13.8 p.p. on Sales (+0.5 p.p.)**, which also benefitted from FX effect

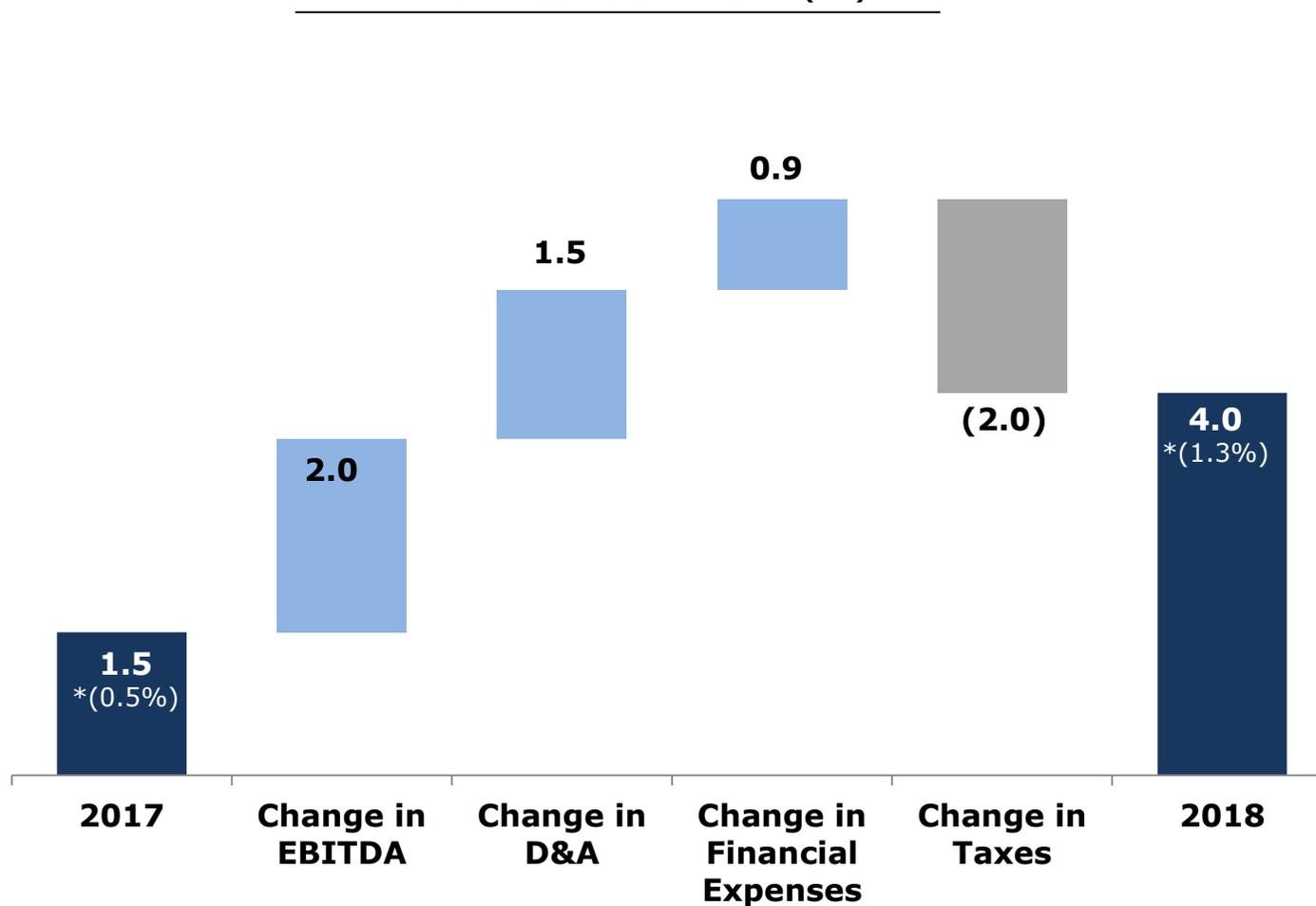
Gross Margin up by ~ 1.5€m, stemming from Net Sales increase and the uplift of the ratio on Net Sales from 30.8% to 31.0%, which also benefitted from FX effect

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

* % on Net Sales

Net Income evolution

Net Income evolution (€m)



* % on Net Sales

Highlights

Net Result 2.7 times above prior year, with significant uplift in the **ratio on Nets Sales** topping 1.3%, the best performance since 2017

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

Financial expense down, benefitting from YE 2017 lower level of debt and recent initiatives to lower the cost of funding

Taxes rate up @ 43% vs 40%, in line with 2017 normalized level

To sum up

P&L (€m)

	2017	2018	Change 2018 vs. 2017		
			Absolute	%	% excl. FX (*)
Net Sales	309.1	312.3	3.2	+1.0%	~ +6.7%
Gross Margin	95.1	96.7	1.5	+1.6%	~ +2.1%
<i>% on Net Sales</i>	<i>30.8%</i>	<i>31.0%</i>	<i>0.2%</i>		
EBITDA	41.2	43.2	2.0	+4.9%	~ +1.0%
<i>% on Net Sales</i>	<i>13.3%</i>	<i>13.8%</i>	<i>0.5%</i>		
Depreciation	(30.2)	(28.7)	1.5	-5.1%	
EBIT	10.9	14.5	3.5	+32.4%	
<i>% on Net Sales</i>	<i>3.5%</i>	<i>4.6%</i>	<i>1.1%</i>		
Financial Expenses	(8.5)	(7.5)	0.9	-11.0%	
Income before tax	2.5	7.0	4.5	+181.6%	
Tax	(1.0)	(3.0)	(2.0)	+202.8%	
Net Income	1.5	4.0	2.5	+167.6%	
<i>% on Net Sales</i>	<i>0.5%</i>	<i>1.3%</i>	<i>0.8%</i>		

NFP (€m)

	31.03.2017	31.03.2018	Change
NFP	(532.4)	(502.9)	+29.5

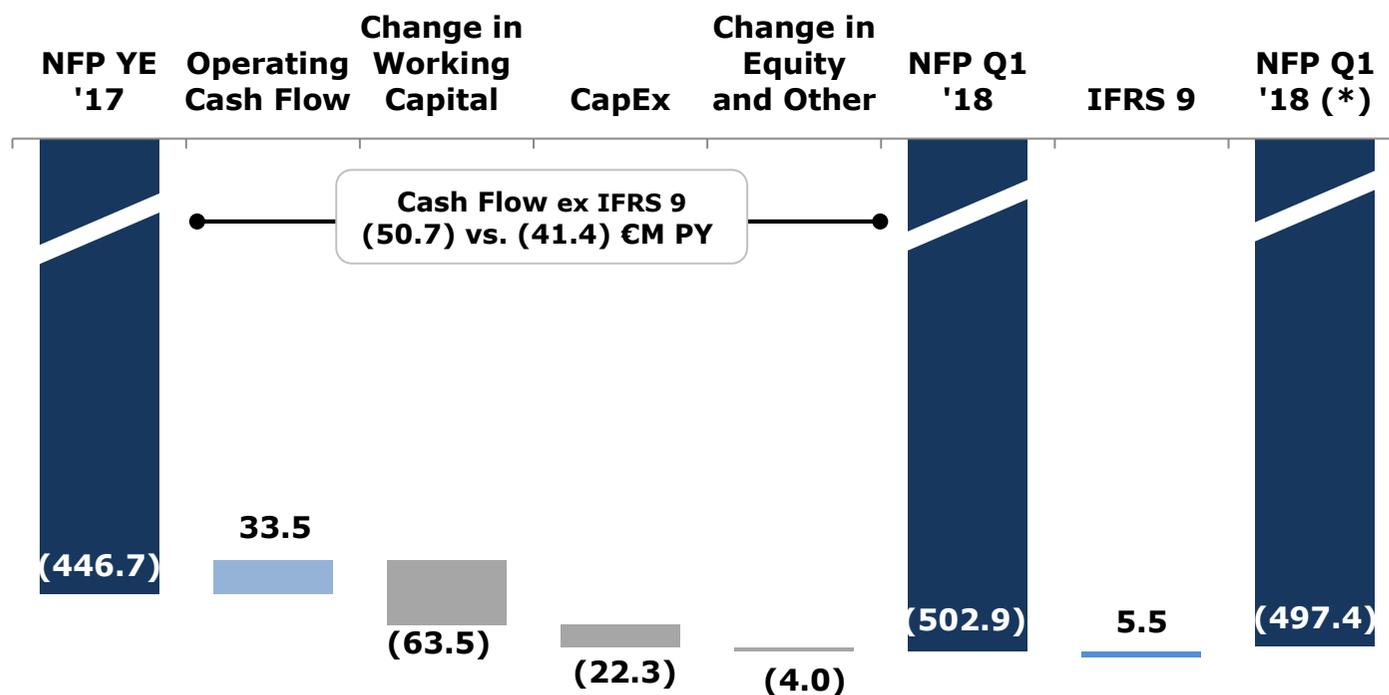
Cash Flow (€m)

	2017	2018	Change
Cash Flow	(41.4)	(56.2)	-14.8

(*) 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)



Highlights

Seasonal Cash Flow absorption broadly in line with PY

Seasonal Working capital cash absorption slightly higher than PY, but with ~ 9€m lower factoring on receivables

CapEx up by 4€m, consistent with FY target in the range 100 -110 €m, reflecting heightened focus on new product launches

2017 Net Financial Position evolution (€m)



(*) ex IFRS 9

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