Interim Report on Operations
as of 30 September 2018

This report is available on the Internet at:
www.piaggiogroup.com

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Disclaimer

This Interim Report on Operation as of 30 September 2018 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Management and Coordination

IMMSI S.p.A.

Share capital €207,613,944.37, fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

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Interim Directors' Report

Introduction

In order to guarantee continuity and regularity of information to the financial community, the Board of Directors resolved at the meeting held on 15 December 2016 to continue publishing quarterly reports on a voluntary basis, adopting the following disclosure policy starting from 2017 and until otherwise resolved:

a) Contents of quarterly reporting:

- general description of operating and market conditions in geographic segments where the Group operates;

- trend of volumes and consolidated turnover, by geographic segment and product type;

- consolidated income statement;

- net consolidated financial debt.

This information is compared to data for the same period of the previous year.

b) Communication methods and procedures:

- a press release that will be distributed at the end of the Board Meeting approving the above accounting data;

- publication of the presentation used for the conference call with financial analysts, held after the distribution of the press release;

- publication of the Interim Report on Operations.

Mission

The mission of the Piaggio Group is to generate value for its shareholders, clients and employees, by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles.

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community.

To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European company with a world class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

Key operating and financial data

	First nine months		2017 Financial Statements
	2018	2017	
In millions of euros			
Data on financial position			
Net revenues	1,093.7	1,057.3	1,342.4
Net revenues restated[1]		*1,050.4*	
Gross industrial margin	334.4	327.1	411.3
Gross industrial margin restated		*322.9*	
Operating income	84.9	69.1	72.3
Profit before tax	66.1	44.1	40.1
Net profit	36.3	25.1	20.0
.Non-controlling interests			
.Group	36.3	25.1	20.0
Data on financial performance			
Net capital employed (NCE)	791.7	820.5	831.8
Net debt	(405.1)	(430.7)	(446.7)
Net debt restated			*(452.2)*
Shareholders' equity	386.6	389.8	385.1
Shareholders' equity restated			*381.0*
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	30.6%	30.9%	30.6%
Gross margin as a percentage of net revenues restated (%)		*30.7%*	
Net profit as a percentage of net revenues (%)	3.3%	2.4%	1.5%
Net profit as a percentage of net revenues restated (%)		*2.4%*	
ROS (Operating income/net revenues)	7.8%	6.5%	5.4%
ROS (Operating income/net revenues restated)		6.6%	
ROE (Net profit/shareholders' equity)	9.4%	6.4%	5.2%
ROE (Net profit/shareholders' equity restated)			*5.2%*
ROI (Operating income/NCE)	10.7%	8.4%	8.7%
EBITDA	166.0	159.0	192.3
EBITDA/net revenues (%)	15.2%	15.0%	14.3%
EBITDA/net revenues restated (%)		15.1%	
Other information			
Sales volumes (unit/000)	469.4	426.7	552.8
Investments in property, plant and equipment and intangible assets	72.2	55.6	86.7
Research and Development[2]	62.1	49.5	43.9
Employees at the end of the period (number)	6,754	6,940	6,620

[1] To compare figures for the first nine months of 2018, figures for the first nine months of 2017 and figures as of 31 December 2017 were restated, incorporating the effects of the adoption of IFRS 15 and IFRS 9.
[2] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	**TOTAL**
	1-1/30-9-2018	195.6	211.9	62.0	**469.4**
Sales volumes	1-1/30-9-2017	202.4	166.7	57.6	**426.7**
(units/000)	Change	(6.8)	45.2	4.3	**42.7**
	Change %	-3.4%	27.1%	7.5%	**10.0%**
	1-1/30-9-2018	656.9	306.3	130.5	**1,093.7**
Turnover	1-1/30-9-2017 restated[3]	658.5	260.4	131.6	**1,050.4**
(million euros)	Change	(1.5)	45.9	(1.1)	**43.3**
	Change %	-0.2%	17.6%	-0.8%	**4.1%**
	1-1/30-9-2018	3,671.2	2,198.3	861.2	**6,730.7**
Average number of staff	1-1/30-9-2017	3,739.5	2,075.9	828.0	**6,643.4**
(no.)	Change	(68.3)	122.4	33.2	**87.3**
	Change %	-1.8%	5.9%	4.0%	**1.3%**
Investments property,	1-1/30-9-2018	58.4	11.6	2.3	**72.2**
Property, plant and equipment	1-1/30-9-2017	39.7	10.8	5.2	**55.6**
intangible assets	Change	18.7	0.9	(2.9)	**16.6**
(million euros)	Change %	47.0%	8.1%	-56.6%	**29.8%**
	1-1/30-9-2018	53.6	6.7	1.8	**62.1**
Research and Development[4]	1-1/30-9-2017	37.8	7.3	4.5	**49.5**
(million euros)	Change	15.8	(0.6)	(2.6)	**12.5**
	Change %	41.8%	-8.5%	-58.7%	**25.3%**

[3] Figures for the first nine months of 2017 were restated following the adoption of IFRS 15.
[4] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Company Boards

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno (1), (2)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Giuseppe Tesauro (3), (4), (5), (6), (7)
	Graziano Gianmichele Visentin (4), (5), (6), (7)
	Maria Chiara Carrozza
	Federica Savasi
	Patrizia Albano
	Andrea Formica (5), (6), (7)
Board of Statutory Auditors	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Daniele Girelli
Alternate Auditors	Fabrizio Piercarlo Bonelli
	Gianmarco Losi
Supervisory Body	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
Chief Financial Officer	Simone Montanari
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Director responsible for the internal control system and risk management

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

(6) Member of the Internal Control and Risk Management Committee

(7) Member of the Related-Party Transactions Committee

All the information on the powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as the functions of the various Committees of the Board of Directors, can be found in the Governance section of the Issuer's website www.piaggiogroup.com.

Significant events in the first nine months of 2018

30 January 2018 – The development and consolidation of the Motoplex distribution network continued; the Motoplexes are Piaggio Group multibrand flagship stores offering a unique venue to showcase the Group's main brands (Vespa, Piaggio, Aprilia and Moto Guzzi). In fact, in line with the Group's global, in-store innovative strategy with customer-centric sales, the remarkable record of 300 stores opened worldwide in just three years has been reached, improving on and partially replacing the conventional distribution network.

6 February 2018 – At the Brand Identity GrandPrix, the Biblioteca Bilancio Sociale presented awards to brands that have sought to invest in sustainability, turning it into a business asset. The Piaggio Group received a special mention in the "Environment" category.

8 February 2018 – The Piaggio Group, boosted by its considerable success with the Aprilia SR 150, expanded its range of Aprilia scooters in India, unveiling the new Aprilia SR 125 and Aprilia Storm 125 at Auto Expo; the models will reach a broad-ranging target in a segment with strong growth, with the Vespa brand sold as a premium scooter product.

26 March 2018 – The rating agency Moody's has announced a change to the outlook of the Piaggio Group, raising it from stable to positive and leaving the rating unchanged at B1.

5 April 2018 - Standard & Poor's Global Ratings (S&P) has notified the revision of the Rating of the Piaggio Group (PIA.MI), upgrading it from "B+" to "BB-".

18 April 2018 – The Piaggio Group successfully completed the placement of a 7-year, non-convertible, unsecured senior debenture loan on the high-yield market for 250 million euros, with a fixed annual interest rate of 3.625% and an issue price equal to 100%. The Notes were rated by S&P (BB-) and Moody's (B1), in line with the ratings of the Group. The purpose of the transaction is to refinance Piaggio's outstanding notes for the same amount due in 2021, strengthening the debt profile of the Group, reducing its average cost and significantly extending the average maturity of the Group's debt. The response from institutional investors was highly encouraging both in Italy and abroad, with an uptake for approximately €1.7 billion.

12 June 2018 – The Piaggio Group took out a five-year, €250 million credit facility, with a pool of banks comprising Bank of America Merrill Lynch, Banca Nazionale del Lavoro, HSBC, Banca IMI, ING Bank, Mediobanca and Unicredit (all acting as mandated lead arranger and bookrunner). The operation is mainly to refinance the €175 million euro revolving line maturing in July 2018, and the €25 million term loan maturing in July 2019, granted by the same pool of banks. The credit facility consists of a revolving portion amounting to €187.5 million and a term loan amortising portion, amounting to €62.5 million. The financial conditions of the new facility are better than the refinanced credit facilities: besides a reduction in the cost of borrowing, the new credit facility will make it possible to improve the Piaggio Group's financial debt quality profile, increasing its financial flexibility and average residual life to approximately 5 years.

18 July 2018, Beijing – The Chairman and CEO of Piaggio & C. S.p.A. Roberto Colaninno, and the Deputy CEO of Foton Motor Group and Chairman of Foton International Chaing Rui signed the technical attachments to the contract for the development and production of a new range of light commercial four-wheelers (contract signed on 16 May), successfully completing the procedure. The CEO of Foton Motor Group Mr. Gong Yueqiong confirmed how the partnership will value the special characteristics of the two international industrial groups and strengthen the commercial and industrial ties already existing between Italy and China. He also hoped that further partnerships would be forged, with a particular nod to African markets. With the last contractual step being completed and the partnership between the Piaggio Group and Foton Motor Group becoming effective, investments necessary to manufacture the new types of light commercial vehicles have started. All operations will take place at the Piaggio Group's Pontedera site, and relative products will be launched on the market as from 2020.

7 August 2018 - The Piaggio Group began sales of the Ape in Cambodia, one of the most dynamic and high-potential growth markets for light commercial vehicles in the Asean area. The Ape City LPG version for passenger transport was launched, representing an innovative solution for the country's mobility needs.

24 September 2018 – In Pune, India, the Piaggio Group presented the new natural gas and methane Ape range featuring the Ape Xtra LDX and Ape Auto DX, which will first be sold on the Indian market and later to developing countries. The versions are the first types of Ape with a water-cooled engine and feature an outstanding performance in terms of power, recovery, consumption and maintenance, underscoring the Group's commitment to providing innovative and eco-friendly solutions for last-mile transport.

Financial position and performance of the Group

Consolidated income statement (restated)

	First nine months of 2018		First nine months of 2017 restated[5]		Change		First nine months of 2017	
Consolidated income statement (reclassified)	*In millions of euros*	*Accounting for a %*	*In millions of euros*	*Accounting for a %*	*In millions of euros*	*%*	*In millions of euros*	*Accounting for a %*
Net revenues	1,093.7	100.0%	1,050.4	100.0%	43.3	4.1%	1,057.3	100.0%
Cost to sell	(759.4)	-69.4%	(727.5)	-69.3%	(31.9)	4.4%	(730.1)	-69.1%
Gross industrial margin	**334.4**	**30.6%**	**322.9**	**30.7%**	**11.4**	**3.5%**	**327.1**	**30.9%**
Operating expenses	(249.5)	-22.8%	(253.8)	-24.2%	4.4	-1.7%	(258.0)	-24.4%
EBITDA	**166.0**	**15.2%**	**159.0**	**15.1%**	**6.9**	**4.4%**	**159.0**	**15.0%**
Amortisation/depreciation	(81.0)	-7.4%	(89.9)	-8.6%	8.9	-9.9%	(89.9)	-8.5%
Operating income	**84.9**	**7.8%**	**69.1**	**6.6%**	**15.8**	**22.9%**	**69.1**	**6.5%**
Result of financial items	(18.8)	-1.7%	(25.0)	-2.4%	6.2	-24.7%	(25.0)	-2.4%
Profit before tax	**66.1**	**6.0%**	**44.1**	**4.2%**	**22.0**	**49.9%**	**44.1**	**4.2%**
Taxes	(29.7)	-2.7%	(19.0)	-1.8%	(10.8)	56.8%	(19.0)	-1.8%
Net profit	**36.3**	**3.3%**	**25.1**	**2.4%**	**11.2**	**44.6%**	**25.1**	**2.4%**

Net revenues

	First nine months of 2018	First nine months of 2017	Change
In millions of euros			
EMEA and Americas	656.9	658.5	(1.5)
India	306.3	260.4	45.9
Asia Pacific 2W	130.5	131.6	(1.1)
TOTAL NET REVENUES	**1,093.7**	**1,050.4**	**43.3**
Two-wheeler	772.3	765.9	6.4
Commercial Vehicles	321.4	284.5	36.9
TOTAL NET REVENUES	**1,093.7**	**1,050.4**	**43.3**

Since 1 January 2018, the Group has adopted IFRS 15. For an analysis of the relative effect, reference is made to the notes. To make data from the two periods comparable, figures for the first nine months of 2017 were restated. The comments in the Report on Operations refer to figures for the first nine months of 2018 and the first nine months of 2017 restated.

In terms of consolidated turnover, the Group closed the first nine months of 2018 with net revenues up compared to the same period of 2017 (+ 4.1%; +8.4% with constant exchange rates). In terms of geographical areas, revenue growth in India (+ 17.6%; +29.6% at constant exchange rates) more than offset the downturn in Asia Pacific (- 0.8%; + 6.5% with constant exchange rates). In EMEA and the Americas, revenues were basically the same (- 0.2%).

[5] Figures for the first nine months of 2017 were restated following the adoption of IFRS 15.

As regards product types, the increase in turnover mainly referred to Commercial Vehicles (+13.0%), while the impact of two-wheeler vehicles was more limited (+ 0.8%). As a result, the percentage of two-wheeler vehicles accounting for overall turnover fell from 72.9% in the first nine months of 2017 to the current figure of 70.6%; conversely, the percentage of Commercial Vehicles accounting for overall turnover went up from 27.1% in the first nine months of 2017 to the current figure of 29.4%.

The **gross industrial margin** of the Group increased in absolute terms compared to the first nine months of the previous year (+11.4 million) in relation to a net turnover equal to 30.6% (30.7% in the first nine months of 2017).
Amortisation/depreciation included in the gross industrial margin was equal to €23.1 million (€26.3 million in the first nine months of 2017).

Operating expenses in the first nine months of 2018 decreased compared to the same period of the previous year, amounting to €249.5 million.
Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to €57.9 million (€63.6 million in the first nine months of 2017).

The change in the aforementioned income statement resulted in an increased consolidated **EBITDA** of €166.0 million (€159.0 million in the first nine months of 2017). In relation to turnover, EBITDA was equal to 15.2% (15.1% in the first nine months of 2017). Operating income (**EBIT**) improved, amounting to €84.9 million (€69.1 million in the first nine months of 2017); in relation to turnover, EBIT was equal to 7.8% (6.6% in the first nine months of 2017).

The results for **financing activities** improved compared to the first nine months of the previous year, by €6.2 million, with net charges amounting to €18.8 million (€25.0 million in the first nine months of 2017). The improvement is mainly related to the reduction in average debt and lower costs, and is amplified by net non-recurrent income of €0.9 million from the liability management operation on the "Eur 250 million Piaggio 4.625% due 2021" debenture loan and recognised in the income statement as required by IFRS 9.

Income taxes for the period are estimated at €29.7 million, equivalent to 45% of profit before tax.

Net profit stood at €36.3 million (3.3% of turnover), up on the figure for the same period of the previous year (€25.1 million, or 2.4% of turnover).

Operating data

Vehicles sold

	First nine months of 2018	First nine months of 2017	Change
In thousands of units			
EMEA and Americas	195.6	202.4	(6.8)
India	211.9	166.7	45.2
Asia Pacific 2W	62.0	57.6	4.3
TOTAL VEHICLES	**469.4**	**426.7**	**42.7**
Two-wheeler	312.2	299.4	12.8
Commercial Vehicles	157.2	127.3	29.9
TOTAL VEHICLES	**469.4**	**426.7**	**42.7**

In the first nine months of 2018, the Piaggio Group sold 469,400 vehicles worldwide, registering an increase of approximately 10.0% in volumes compared to the first nine months of the previous year, when 426,700 vehicles were sold. The number of vehicles sold was up in India (+ 27.1%) and Asia Pacific 2W (+7.5%), while figures for vehicles sold in EMEA and the Americas were down (-3.4%). As regards the type of products sold, growth mainly referred to commercial vehicles (+23.5%), while the trend for two-wheeler vehicles was more moderate (4.3%). For a more detailed analysis of market trends and results, see relative sections.

Staff

The growth of the average workforce in India (where increased demand for commercial vehicles led to a greater use of temporary labour) and in Asia Pacific more than offset the reduction recorded in Italy.

Average number of company employees by geographical area

Employee/staff numbers	First nine months 2018	First nine months of 2017	Change
EMEA and Americas	3,671.2	3,739.5	(68.3)
of which Italy	3,423.0	3,503.8	(80.8)
India	2,198.3	2,075.9	122.4
Asia Pacific 2W	861.2	828.0	33.2
Total	**6,730.7**	**6,643.4**	**87.3**

As of 30 September 2018, the Group had 6,754 employees, a net increase of 134 compared with 31 December 2017, mainly attributable to India.

Breakdown of company employees by region

Employee/staff numbers	**As of 30 September 2018**	**As of 31 December 2017**	**As of 30 September 2017**
EMEA and Americas	3,645	3,682	3,733
of which Italy	3,383	3,444	3,492
India	2,228	2,090	2,379
Asia Pacific 2W	881	848	828
Total	**6,754**	**6,620**	**6,940**

Research and Development

In the first nine months of 2018, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of €62.1 million to research and development, of which €48.7 million capitalised under intangible assets as development costs.

	First nine months of 2018			**First nine months of 2017**		
	Capitalised	Expenses	**Total**	Capitalised	Expenses	**Total**
In millions of euros						
Two-wheeler	37.2	11.3	**48.5**	29.8	10.9	**40.6**
Commercial Vehicles	11.6	2.1	**13.6**	5.5	3.4	**8.9**
Total	**48.7**	**13.4**	**62.1**	**35.2**	**14.3**	**49.5**
EMEA and Americas	42.2	11.4	**53.6**	26.9	10.8	**37.8**
India	5.4	1.3	**6.7**	4.8	2.5	**7.3**
Asia Pacific 2W	1.2	0.7	**1.8**	3.5	1.0	**4.5**
Total	**48.7**	**13.4**	**62.1**	**35.2**	**14.3**	**49.5**

Consolidated Statement of Financial Position[6]

	As of 30 September 2018	As of 31 December 2017	Change
In millions of euros			
Statement of financial position			
Net working capital	(69.2)	(45.9)	(23.3)
Property, plant and equipment	268.4	284.5	(16.1)
Intangible assets	648.3	649.0	(0.7)
Financial assets	8.7	7.7	1.0
Provisions	(64.5)	(63.6)	(0.9)
Net capital employed	**791.7**	**831.8**	**(40.1)**
Net Financial Debt	405.1	446.7	(41.6)
Shareholders' equity	386.6	385.1	1.5
Sources of financing	**791.7**	**831.8**	**(40.1)**
Non-controlling interests	(0.2)	(0.2)	0.0

As of 30 September 2018, **net working capital** amounted to negative €69.2 million, with a cash generation equal to approximately €23.3 million in the first nine months of 2018.

Property, plant and equipment, which include investment property, totalled €268.4 million as of 30 September 2018, down by approximately €16.1 million compared to 31 December 2017. This decrease is mainly due to depreciation, which exceeded investments for the period by approximately €9.1 million, and to the effect of the devaluation of Asian currencies against the euro (approximately €6.2 million) and disposals for approximately €0.7 million.

Intangible assets totalled €648.3 million, down by approximately €0.7 million compared to 31 December 2017. This decrease is due to the effect of the devaluation of Asian currencies against the euro (approximately €0.9 million), as well as devaluations for approximately €0.6 million, of which the impact was only partially offset by investments, which exceeded investments by the period by approximately €0.8 million.

Financial assets which totalled €8.7 million, increased by €1.0 million compared to figures for the previous year.

Provisions totalled €64.5 million, up compared to 31 December 2017 (€63.6 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 September 2018 was equal to €405.1 million, compared to €446.7 million as of 31 December 2017. The reduction of approximately €41.6 million was due to a positive performance of

[6] For a definition of individual items, see the "Economic Glossary".

operations, allowing for dividends to be paid (€19.7 million) and the financing of investment programmes.

Compared to 30 September 2017, net financial debt decreased by approximately €25.6 million.

As of 30 September 2018, **shareholders' equity** of the Group amounted to €386.6 million, up by approximately €1.5 million compared to 31 December 2017, despite the negative impact of around €4.0 million, due to the adoption of the new standard IFRS 9.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Consolidated Condensed Interim Financial Statements as of 30 September 2018"; the following is a comment relating to the summary statement shown.

	First nine months of 2018	**First nine months of 2017**	**Change**
In millions of euros			
Change in consolidated net debt			
Opening Consolidated Net Debt	**(446.7)**	**(491.0)**	**44.3**
Cash flow from operating activities	118.3	112.8	5.5
(Increase)/Reduction in Working Capital	23.3	19.9	3.5
(Increase)/Reduction in net investments	(65.2)	(43.4)	(21.8)
Change in shareholders' equity	(34.9)	(29.1)	(5.8)
Total change	**41.6**	**60.2**	**(18.6)**
Closing Consolidated Net Debt	**(405.1)**	**(430.7)**	**25.6**

In the first nine months of 2018 the Piaggio Group generated **financial resources** amounting to €41.6 million. However, if the new standard IFRS 9 had already been adopted at 31 December 2017, the total change would have increased by €5.5 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €118.3 million.

Working capital generated a cash flow of €23.3 million; in detail:

- the collection of trade receivables[7] used financial flows for a total of €34.2 million;
- stock management absorbed financial flows for a total of approximately €23.3 million;
- supplier payment trends generated financial flows of approximately €63.0 million;
- the movement of other non-trade assets and liabilities had a negative impact on financial flows by approximately €17.8 million.

Investing activities involved a total of €65.2 million of financial resources. The investments refer to approximately €48.7 million for capitalised development expenditure, and approximately €23.5 million for property, plant and equipment and intangible assets.
As a result of the above financial dynamics, which generated a use of €41.6 million, the **net debt** of the Piaggio Group amounted to €– 405.1 million.

[7] Net of customer advances.

Alternative non-GAAP performance measures

In accordance with CESR/05-178b recommendation on alternative performance measures, in addition to IFRS financial measures, Piaggio has included other non-IFRS measures in its Interim Directors' Report.

These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.

In particular the following alternative performance measures have been used:

- **EBITDA**: defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the consolidated income statement;
- **Gross industrial margin**: defined as the difference between net revenues and the cost to sell;
- **Cost to sell**: this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
- **Consolidated net debt:** gross financial debt, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and otherwise, and the fair value adjustment of related hedged items and relative deferrals. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.

Results by type of product

The Piaggio Group is comprised of and operates by geographical segments - EMEA and the Americas, India and Asia Pacific - to develop, manufacture and distribute two-wheeler and commercial vehicles.
Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of final results from each operating segment, reference is made to the Notes to the Consolidated Financial Statements.
The volumes and turnover in the three geographical segments, also by product type, are analysed below.

Two-wheeler

Two-wheeler	***First nine months of 2018***		***First nine months of 2017 restated[8]***		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	184.0	591.6	191.3	593.6	-3.8%	-0.3%	(7.3)	(2.0)
of which EMEA	175.4	547.3	180.9	540.7	-3.0%	1.2%	(5.5)	6.6
(of which Italy)	*38.5*	*127.4*	*40.8*	*133.9*	*-5.7%*	*-4.8%*	*(2.3)*	*(6.5)*
of which America	8.6	44.3	10.4	52.9	-17.6%	-16.3%	(1.8)	(8.6)
India	66.3	50.2	50.4	40.8	31.4%	23.1%	15.8	9.4
Asia Pacific 2W	62.0	130.5	57.6	131.6	7.5%	-0.8%	4.3	(1.1)
TOTAL	**312.2**	**772.3**	**299.4**	**765.9**	**4.3%**	**0.8%**	**12.8**	**6.4**
Scooters	281.5	545.4	270.9	532.4	3.9%	2.4%	10.5	13.0
Motorcycles	30.7	126.9	28.5	136.3	7.9%	-6.9%	2.3	(9.5)
Spare parts and Accessories		97.7		95.5		2.4%		2.3
Other		2.3		1.8		30.9%		0.5
TOTAL	**312.2**	**772.3**	**299.4**	**765.9**	**4.3%**	**0.8%**	**12.8**	**6.4**

[8] Figures for turnover of the first nine months of 2017 were restated adopting IFRS 15.

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).
In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.
In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for expanding operations, two-wheeler vehicles are the primary mode of transport.

Background

In Europe, the Piaggio Group's reference area, the two-wheeler market sold 1,066,800 vehicles in the first nine months of 2018, a 0.6% increase compared to the first nine months of 2017 (+7.8% for the motorcycle segment and -6.1% for the scooter segment).
In Italy, the scooter segment saw a decrease of 0.8%, while motorcycles registered a 9.4% increase.
North America's two-wheeler market dropped by 1.7% in the first nine months of 2018 compared to the same period of the previous year, with 410,630 vehicles sold. The motorcycle market, which accounts for 94.4% of the overall market, decreased by 1.6%, while the scooter market dropped by 4.1%.
In Vietnam, the Asian nation with most Group vehicles, sales went up by 3.3% overall.
In India, the two-wheeler market recorded an increase of 14.2% in the first nine months of 2018 compared to the same period of the previous year, driven by a high growth in both the scooter segment (+10.1%) and the motorcycle segment (+23.3%).

Main results

During the first nine months of 2018, the Piaggio Group sold a total of 312,200 units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately €772.3 million (+ 0.8%), including spare parts and accessories (€97.7 million, + 2.4%).
The overall increase in both volumes (+ 4.3%) and turnover (+ 0.8%) was due to the excellent performance of India (+ 31.4% volumes; + 23.1% turnover; +35.9% turnover at constant exchange rates). In Asia Pacific, a good sales performance (+ 7.5%) was met by a 0.8% decline in turnover, due to exchange rate movements (+6.5% at constant exchange rates).

Market positioning[9]

On the European two-wheeler market, the Piaggio Group reached a 14.3% share in the first nine months of 2018 (15.2% in the first nine months of 2017), confirming its leadership in the scooter segment (25.4% in the first nine months of 2018 compared to 25.5% in the first nine months of 2017). In Italy, the Piaggio Group's market share went from 20% in the first nine months of 2017 to 19.2% in the same period of 2018: the Group remains leader in the scooter segment, with a market share of 29.9% (30.1% in the first nine months of 2017); performance in the motorcycle segment was stable, with a market share of 3.7% (3.8% in the first nine months of 2017).

In Vietnam, the Group increased scooter sell-out volumes by 47.0% in the first nine months of 2018, compared to the same period of the previous year.

In India, in the first nine months of 2018 the Group recorded a significant increase in volumes compared to the same period of the previous year, closing at 60,000 vehicles (+28.9%).

The Group retained its strong position on the North American scooter market, where it closed the period with a market share of 23.3% (21% in the first nine months of 2017), and where it is committed to consolidating its profile in the motorcycle segment, through the Aprilia and Moto Guzzi brands.

Investments

Investments mainly targeted the following areas:

- developing new products and face lifts for existing products;
- improving and modernising current production capacity.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

[9] Market shares for the first nine months of 2017 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Commercial Vehicles

Commercial Vehicles	First nine months of 2018		First nine months of 2017 restated[10]		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	11.6	65.4	11.1	64.9	4.3%	0.7%	0.5	0.5
of which EMEA	10.0	62.1	9.8	62.3	1.8%	-0.3%	0.2	(0.2)
(of which Italy)	*2.8*	*34.3*	*3.4*	*34.8*	*-18.8%*	*-1.5%*	*(0.6)*	*(0.5)*
of which America	1.6	3.3	1.3	2.6	23.1%	26.3%	0.3	0.7
India	145.6	256.1	*116.2*	*219.6*	25.3%	16.6%	29.4	36.5
TOTAL	**157.2**	**321.4**	**127.3**	**284.5**	**23.5%**	**13.0%**	**29.9**	**36.9**
Ape	152.8	246.1	122.5	213.6	24.7%	15.2%	30.3	32.4
Porter	3.0	35.4	2.7	31.6	11.1%	12.0%	0.3	3.8
Quargo	0.6	2.2	0.3	1.2	158.4%	90.6%	0.4	1.1
Mini Truk	0.7	2.0	1.8	5.1	-59.1%	-60.8%	(1.1)	(3.1)
Spare parts and Accessories		35.7		33.0		8.3%		2.7
TOTAL	**157.2**	**321.4**	**127.3**	**284.5**	**23.5%**	**13.0%**	**29.9**	**36.9**

The Commercial Vehicles category includes three- and four-wheelers with a maximum mass below 3.5 tons (category N1 in Europe) designed for commercial and private use, and related spare parts and accessories.

Background

Europe

In the first eight months of 2018 (latest available figures), the European light commercial vehicles market (vehicles with a maximum mass less than or equal to 3.5 tons), in which the Piaggio Group operates, recorded sales of 1,352,326 units, registering a 4.8% increase compared to the first eight months of 2017 (data source ACEA). In detail, the trends of main European reference markets are as follows: Germany (+5.4%), France (+5.7%), Italy (-0.4%) and Spain (+11.6%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, continued to increase considerably, from 365,249 units in the first nine months of 2017 to 551,750 units in the same period of 2018, registering a 51.1% increase.

On this market, growth was due above all to the passenger vehicles segment, which increased volumes by 62.4%, to close at 455,438 units. The cargo segment also increased (+16.6%), from 84,810 units in the first nine months of 2017 to 93,312 units in the first nine months of 2018.

[10] Figures for turnover of the first nine months of 2017 were restated adopting IFRS 15.

Piaggio Vehicles Private Limited also operates on the four-wheeler light commercial vehicles (LCV) market for the transport of goods (cargo). The LCV cargo market (vehicles with a maximum mass below 2 tons), increased considerably, with sales of 167,365 units in the first nine months of 2018 (+67.1% compared to the first nine months of 2017).

Main results

During the first nine months of 2018, the Commercial Vehicles business generated a turnover of approximately €321.4 million, including around €35.7 million relating to spare parts and accessories, up by 13.0% compared to the same period of the previous year. During the period, 157,200 units were sold, recording an increase compared to the first nine months of 2017 (+23.5%).
The growth is related to the expansion of the Indian market. In the first nine months of 2018, the Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 126,806 three-wheeler vehicles on the Indian market (104,845 in the first nine months of 2017) achieving a net turnover of approximately €206.0 million (€180.2 million in the first nine months of 2017).
The same affiliate also exported 17,426 three-wheeler vehicles (9,397 as of 30 September 2017) and 30, 4-wheeler vehicles.
On the four-wheeler domestic market, sales by the Indian affiliate PVPL in the first nine months of 2018 fell by 27.4% compared to the first nine months of 2017, to 1,364 units.
In overall terms, PVPL registered a turnover of €256.1 million in the first nine months of 2018, compared to the figure of €219.6 million for the same period of the previous year (+16.6%; + 28.4% with constant exchange rates).
On the EMEA and Americas market, the Piaggio Group recorded a modest increase in total net turnover (+0.7%), due to the growth in volumes sold (+4.3%).

Market positioning[11]

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India).
The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.
On the Indian three-wheeler market, Piaggio has a market share of 23.0% (28.7% in the first nine months of 2017). Detailed analysis of the market shows that Piaggio maintained its leadership position in the goods transport segment (cargo segment) with a share of 45.7% (49.4% in the first nine months of 2017). In the passenger segment as well, Piaggio’s share saw a reduction to 18.2% (22.4% in the first nine months of 2017).

[11] Market shares for the first nine months of 2017 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Besides the traditional three-wheeler market in India, Piaggio also operates on the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) with the Porter range. On this market, the Group's share fell to 0.9% (1.8% in the first nine months of 2017).

Investments

Investments mainly targeted the following areas:

- developing new products and face lifts for existing products;
- improving and modernising current production capacity.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

Events occurring after the end of the period

8 October 2018 – The online pre-booking campaign for the electric Vespa, manufactured at the Italian site of Pontedera, began. The vehicle will be marketed in November, at the same time as the Milan EICMA 2018 motor show, first in Europe and then in the United States and Asia from 2019 onwards.

Operating outlook

In a context where the Piaggio Group has consolidated its position on global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market, optimally levering expected recovery by:
    - further consolidating its product range;
    - maintaining current positions on the European commercial vehicles market;
- consolidating its presence in Asia Pacific, exploring new opportunities in countries in the area, with a particular focus on the premium segment of the market;
- strengthening sales on the Indian scooter market thanks to the Vespa and Aprilia SR product range;
- increasing the penetration of commercial vehicles in India, thanks to the introduction of new engines.

More in general, the Group is committed - as in the past and for operations in 2018 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

Transactions with related parties

Net sales, costs, payables and receivables as of 30 September 2018 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the "Notes to the Condensed Consolidated Interim Financial Statements as of 30 September 2018".

Investments of members of the board of directors and members of the control committee

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.

Economic glossary

Net working capital: defined as the net sum of: Trade receivables, Other current and non-current receivables, Inventories, Trade payables, Other current and non-current payables, Current and non-current tax receivables, Deferred tax assets, Tax payables and Deferred tax liabilities.

Net property, plant and equipment: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale.

Net intangible assets: consist of capitalised development costs, costs for patents and know-how and goodwill arising from acquisition/merger operations carried out by the Group.

Financial assets: defined by the Directors as the sum of investments and other non-current financial assets.

Provisions: consist of retirement funds and employee benefits, other long-term provisions and the current portion of other long-term provisions.

Gross industrial margin: defined as the difference between Revenues and the corresponding Cost to sell of the period.

Cost to sell: include the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, leases and rentals, and additional operational expenditure net of operating income not included in the gross industrial margin. Operating expenses also include amortisation and depreciation not included in the calculation of the gross industrial margin.

Consolidated Ebitda: defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the Consolidated Income Statement.

Net capital employed: determined as the algebraic sum of "Net fixed assets", "Net working capital" and provisions.

In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of Euros; changes and percentages are calculated from figures in thousands of euros and not from rounded off figures in millions of euros.

Condensed Interim Financial Statements as of 30 September 2018

Consolidated Income Statement

In thousands of Euros	*Notes*	First nine months of 2018 Total	First nine months of 2018 *of which related parties*	First nine months of 2017 Total	First nine months of 2017 *of which related parties*
Net revenues	4	**1,093,740**	**2,663**	**1,057,292**	**1,503**
Cost for materials	5	(653,919)	(17,451)	(619,228)	(21,776)
Cost for services and leases and rentals	6	(170,978)	(2,828)	(174,946)	(2,919)
Employee costs	7	(165,937)		(164,631)	
Depreciation and impairment costs of property, plant and equipment	8	(30,008)		(33,798)	
Amortisation and impairment costs of intangible assets	8	(51,031)		(56,111)	
Other operating income	9	78,744	203	77,269	306
Net value adjustment (write-downs) of trade and other receivables	10	(1,492)		(1,806)	
Other operating costs	11	(14,194)	(94)	(14,919)	(9)
Operating income		**84,925**		**69,122**	
Income/(loss) from investments	12	765	757	789	778
Financial income	13	6,770	17	668	
Borrowing costs	13	(26,531)	(82)	(27,048)	(100)
Net exchange gains/(losses)	13	160		567	
Profit before tax		**66,089**		**44,098**	
Taxes for the period	14	(29,740)		(18,963)	
Profit from continuing operations		**36,349**		**25,135**	
Assets held for sale:					
Profits or losses arising from assets held for sale	15				
Net Profit (loss) for the period		**36,349**		**25,135**	
Attributable to:					
Owners of the Parent		**36,349**		**25,135**	
Non controlling interests		**0**			
Earnings per share (figures in €)	16	**0.102**		**0.070**	
Diluted earnings per share (figures in €)	16	**0.102**		**0.070**	

Consolidated Statement of Comprehensive Income

In thousands of Euros	Notes	**First nine months of 2018**	**First nine months of 2017**
Net Profit (Loss) for the period (A)		**36,349**	**25,135**
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans	40	(1,114)	1,425
Total		**(1,114)**	**1,425**
Items that may be reclassified in the income statement			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	40	(8,681)	(10,122)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method	40	(208)	(658)
Total profits (losses) on cash flow hedges	40	139	(23)
Total		**(8,750)**	**(10,803)**
Other components of the Statement of Comprehensive Income (B)*		**(9,864)**	**(9,378)**
Total Profit (loss) for the period (A + B)		**26,485**	**15,757**

* Other Profits (and losses) take account of relative tax effects

Attributable to:		
Owners of the Parent	**26,450**	**15,730**
Non controlling interests	**35**	**27**

Consolidated Statement of Financial Position

In thousands of Euros	Notes	As of 30 September 2018 Total	As of 30 September 2018 of which related parties	As of 31 December 2017 Total	As of 31 December 2017 of which related parties
ASSETS					
Non-current assets					
Intangible assets	17	648,273		648,977	
Property, plant and equipment	18	257,079		273,013	
Investment Property	19	11,314		11,523	
Investments	34	8,096		7,553	
Other financial assets	35	5,690		7,364	
Long-term tax receivables	24	17,201		19,913	
Deferred tax assets	20	59,450		58,601	
Trade receivables	22				
Other receivables	23	13,807	94	12,157	115
Total non-current assets		**1,020,910**		**1,039,101**	
Assets held for sale	26				
Current assets					
Trade receivables	22	119,645	1,665	83,995	2,150
Other receivables	23	23,631	10,457	26,916	10,029
Short-term tax receivables	24	13,479		11,106	
Inventories	21	241,922		218,622	
Other financial assets	36	2,399		2,321	
Cash and cash equivalents	37	197,498		128,067	
Total current assets		**598,574**		**471,027**	
Total assets		**1,619,484**		**1,510,128**	

		As of 30 September 2018		As of 31 December 2017	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of Euros	*Notes*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	39	386,756		385,296	
Share capital and reserves attributable to non-controlling interests	39	(201)		(236)	
Total shareholders' equity		**386,555**		**385,060**	
Non-current liabilities					
Financial liabilities falling due after one year	38	475,060		446,483	2,900
Trade payables	27				
Other long-term provisions	28	9,295		9,096	
Deferred tax liabilities	29	2,518		3,170	
Retirement funds and employee benefits	30	43,899		44,457	
Tax payables	31	315			
Other long-term payables	32	5,415	13	5,621	12
Total non-current liabilities		**536,502**		**508,827**	
Current liabilities					
Financial liabilities falling due within one year	38	135,017		137,780	
Trade payables	27	476,262	11,595	411,775	9,375
Tax payables	31	21,885		10,185	
Other short-term payables	32	51,924	6,815	46,424	7,863
Current portion of other long-term provisions	28	11,339		10,077	
Total current liabilities		**696,427**		**616,241**	
Total Shareholders' Equity and Liabilities		**1,619,484**		**1,510,128**	

Consolidated Statement of Cash Flows

This statement shows the factors behind changes in cash and cash equivalents, net of short-term bank overdrafts, as required by IAS 7.

		First nine months of 2018		First nine months of 2017	
		Total	of which related parties	Total	of which related parties
In thousands of Euros	*Notes*				
Operating activities					
Net Profit (loss) for the period		36,349		25,135	
Taxes for the period	14	29,740		18,963	
Depreciation of property, plant and equipment	8	30,008		33,798	
Amortisation of intangible assets	8	50,438		56,111	
Provisions for risks and retirement funds and employee benefits		13,677		14,253	
Write-downs / (Reinstatements)		2,316		1,879	
Losses / (Gains) on the disposal of property, plants and equipment		(75)		(81)	
Financial income	13	(6,770)		(591)	
Dividend income	12	(8)		(11)	
Borrowing costs	13	26,531		24,771	
Income from public grants		(1,495)		(2,647)	
Portion of earnings of affiliated companies		(757)		(778)	
Change in working capital:					
(Increase)/Decrease in trade receivables	22	(36,887)	485	(27,573)	1,399
(Increase)/Decrease in other receivables	23	1,359	(407)	3,404	(380)
(Increase)/Decrease in inventories	21	(23,300)		(29,270)	
Increase/(Decrease) in trade payables	27	64,487	2,220	60,896	4,479
Increase/(Decrease) in other payables	32	5,294	(1,047)	5,860	78
Increase/(Decrease) in provisions for risks	28	(6,616)		(6,955)	
Increase/(Decrease) in retirement funds and employee benefits	30	(7,611)		(9,139)	
Other changes		2,064		2,533	
Cash generated from operating activities		**178,744**		**170,558**	
Interest paid		(22,587)		(21,904)	
Taxes paid		(19,812)		(12,346)	
Cash flow from operating activities (A)		**136,345**		**136,308**	
Investment activities					
Investment in property, plant and equipment	18	(20,942)		(16,831)	
Sale price, or repayment value, of property, plant and equipment		745		172	
Investment in intangible assets	17	(51,298)		(38,817)	
Sale price, or repayment value, of intangible assets		65		456	
Repayment from affiliated companies		0		11	
Collected interests		286		658	
Cash flow from investment activities (B)		**(71,144)**		**(54,351)**	
Financing activities					
Purchase of treasury shares	39	(1,272)		0	
Outflow for dividends paid	39	(19,698)		(19,698)	
Loans received	38	283,889		55,090	
Outflow for repayment of loans	38	(253,664)		(119,734)	
Financing received for financial leases	38	0		0	
Repayment of finance leases	38	(858)		(842)	
Cash flow from funding activities (C)		**8,397**		**(85,184)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		73,598		(3,227)	
Opening balance		**127,894**		**191,400**	
Exchange differences		(3,999)		(9,008)	
Closing balance		**197,493**		**179,165**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2018 / 30 September 2018

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of Euros												
As of 1 January 2018		**207,614**	**7,171**	**19,095**	**(320)**	**(11,505)**	**(24,467)**	**0**	**187,708**	**385,296**	**(236)**	**385,060**
Profit for the period									36,349	**36,349**		**36,349**
Other components of the Statement of Comprehensive Income	40				139		(8,924)		(1,114)	**(9,899)**	**35**	**(9,864)**
Total profit (loss) for the period		**0**	**0**	**0**	**139**	**0**	**(8,924)**	**0**	**35,235**	**26,450**	**35**	**26,485**
<u>Transactions with shareholders:</u>												
Allocation of profits	39			1,030					(1,030)	**0**		**0**
Distribution of dividends	39								(19,698)	**(19,698)**		**(19,698)**
Adoption of IFRS 9	39					(4,020)				**(4,020)**		**(4,020)**
Purchase of treasury shares	39							(1,272)		**(1,272)**		**(1,272)**
As of 30 September 2018		**207,614**	**7,171**	**20,125**	**(181)**	**(15,525)**	**(33,391)**	**(1,272)**	**202,215**	**386,756**	**(201)**	**386,555**

Movements from 1 January 2017 / 30 September 2017

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of Euros												
As of 1 January 2017		**207,614**	**7,171**	**18,395**	**(388)**	**(5,859)**	**(14,116)**	**(5,646)**	**186,848**	**394,019**	**(305)**	**393,714**
Profit for the period									25,135	**25,135**		**25,135**
Other components of the Statement of Comprehensive Income	40				(23)		(10,807)		1,425	**(9,405)**	**27**	**(9,378)**
Total profit (loss) for the period		**0**	**0**	**0**	**(23)**	**0**	**(10,807)**	**0**	**26,560**	**15,730**	**27**	**15,757**
Transactions with shareholders:												
Allocation of profits	39			700					(700)	**0**		**0**
Distribution of dividends	39								(19,698)	**(19,698)**		**(19,698)**
Cancellation of treasury shares	39					(5,646)		5,646		**0**		**0**
As of 30 September 2017		**207,614**	**7,171**	**19,095**	**(411)**	**(11,505)**	**(24,923)**	**0**	**193,010**	**390,051**	**(278)**	**389,773**

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The address of the registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activities of the company and its subsidiaries are set out in the Report on Operations.

These Financial Statements are expressed in euros (€) since this is the currency in which most of the Group's transactions take place. Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

1. Scope of consolidation

The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2017 and 30 September 2017.

2. Compliance with international accounting standards

These unaudited Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

During the drafting of these Condensed Consolidated Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting*, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2017 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2018". The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2017, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the

reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2017.
It should also be noted that some assessment processes, in particular the most complex ones such as establishing any impairment of fixed assets, are generally undertaken in full only when preparing the annual financial statements, when all the potentially necessary information is available, except in cases where there are indications of impairment which require an immediate assessment of any impairment loss.

The Group's activities, especially those regarding two-wheeler products, are subject to significant seasonal changes in sales during the year.

Income tax is recognised on the basis of the best estimate of the average weighted tax rate for the entire financial period.

<u>New accounting standards, amendments and interpretations applied as from 1 January 2018</u>

IFRS 15 "Revenue from Contracts with Customers"
The new standard is applicable retrospectively for years commencing on or after 1 January 2018. IFRS 15 sets out the requirements for recognising revenues, introducing an approach whereby revenue is only recognised if contractual obligations have been met in full. According to the standard, revenue is recognised based on the following five steps:

- identify the contract;
- identify individual obligations;
- determine the transaction price;
- allocate the transaction price to individual obligations based on their "market prices" ("stand-alone selling price");
- recognise revenue allocated to the individual obligation when it is regulated, i.e. when the customer acquires control of the goods and/or services.

The Group has carried out in-depth analysis of the different types of contracts relative to the sale of two-/three- and four-wheeler vehicles, spare parts, accessories and components to dealers, importers or direct customers that represent the most significant component, as well as types of contract with less economic impact (for example royalties). Following this analysis, the Group concluded that there is no significant impact arising from the adoption of the new standard, as the most significant component of revenue will continue to be recognised in line with previous accounting guidelines.

Revenues from the sale of 2/3/4-wheeler vehicles, spare parts, accessories and components are recognised when control is transferred and when the Group meets the obligation of transferring the promised asset to the customer.
One exception is a number of scheduled maintenance schemes and extended warranties that go beyond the statutory period (sold together with the vehicle) which, according to the new standard, constitute separate performance bonds and, as such, must now be identified and accounted for separately from the vehicle revenue. To date, these scheduled maintenance plans / extended warranties have, however, been limited in number and mainly provided in the Vietnamese market.
Other differences in approach refer to different ways of representing revenues, without however impacting results, and refer to a different approach to classifying some types of bonuses paid to dealers, consumer financing plans, procedures for representing funds returned by customers (only applicable for the US market in which there is a legal obligation to buy back the vehicle from dealers on the occurrence of certain conditions).
The Group has adopted IFRS 15 and all related amendments, applying the modified retrospective method, without changing 2017 financial statement data, which are presented for comparative purposes; instead it provides evidence of the impact on various financial statement items as of 30 September 2018 if the standard had not already been adopted.
The table below summarises the impact of the adoption of IFRS 15 on the consolidated income statement for the period ended 30 September 2018:

	First nine months of 2018 published	**Reclassifications**	**First nine months of 2018 without adopting IFRS 15**
In thousands of Euros			
Net revenues	1,093,740	7,079	1,100,819
Cost for materials	(653,919)	(2,034)	(655,953)
Costs for services	(170,978)	(5,045)	(176,023)
Operating income	84,925	0	84,925

IFRS 9 "Financial Instruments"
The new provisions of IFRS 9: (i) amend the model that classifies and measures financial assets; (ii) introduce a new method for writing down financial assets, that takes account of expected credit losses; (iii) amend hedge accounting provisions and (iv) establish new criteria for the recognition of transactions amending financial liabilities. The provisions of IFRS 9 will be applicable for years commencing on or after 1 January 2018. Early application was allowed.

The Group has adopted IFRS 9 and all related amendments, applying the modified retrospective method, without changing 2017 financial statement data, which are presented for comparative purposes; instead it provides evidence of the impact on the financial statements of the previous year, if the above standard had already been adopted and with effects recognised in shareholders' equity as of 1 January 2018.

Classification and measurement

With reference to the classification and measurement of financial assets, the Group adopts the following business models:

- a business model whose objective is achieved by obtaining contractual cash flows and the sale of financial assets ("hold to collect" business model);
- a business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect and sell" business model).

For both models, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held by the group are recognised:

- at amortised cost net of financial assets relative to the "hold to collect" business model
- at fair value identified in other components of comprehensive income, in the case of financial assets relative to the "hold to collect and sell" business model.

Impairment of financial assets

As regards the introduction of the new procedure for the impairment of financial assets, the Group revised its method used as from 1 January 2018 to determine the provision to recognise to hedge losses on receivables, taking into account expected losses, as provided for by the new standard, without identifying any significant impact on net income(loss) for the year or on shareholders' equity arising from the adoption of IFRS 9.

The Group measures the provision to hedge losses for an amount equal to full lifetime expected credit losses, using a method that considers whether, at the end of the reporting period, the credit risk relative to a financial instrument has increased considerably after initial recognition or otherwise.

For trade receivables, the Group adopts the simplified approach permitted by the new standard, measuring the provision to hedge losses for an amount equal to full lifetime expected credit losses.

Lastly, it should be noted that IFRS 9 has amended IAS 1 (82 ba) requesting separate recognition in the Income Statement of impairment losses (including reversals of impairment losses or impairment gains).

Hedge accounting

The Group has opted for a policy choice which allows it to adopt the provisions in IAS 39 for hedge accounting. The new requirements of IFRS 9 have therefore been deferred to when the macro-hedging project will be completed.

New criteria for the recognition of transactions amending financial liabilities

With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the book value of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement. The Group has examined the liability management operations conducted in previous years. The effects deriving from the adoption of IFRS 9 are summarised in the following table:

In thousands of Euros	**2017 Financial Statements**	**Effect of IFRS 9**	**Opening balance 1 January 2018**
Assets			
Deferred tax assets	58,601	1,269	59,870
Total assets		1,269	
Liabilities			
Shareholders' equity	385,060	(4,020)	381,040
Financial liabilities	584,263	5,526	589,789
Other payables	52,045	(237)	51,808
Total liabilities		1,269	

Amendment to IFRS 2 "Share-based Payment"

These amendments clarify how some share-based payments are recognised.

Amendment to IAS 40 – "Investment Property"

These amendments clarify change in use, which is a necessary condition for transfer from/to Investment Property.

Series of annual amendments to IFRS 2014–2016

The main amendment concerns IAS 28 "Investments in Associates and Joint Ventures".
The amendments clarify, correct or remove redundant wording in the related IFRS Standards and have not had a material impact on the Financial Statements or on disclosures.

IFRIC Interpretation 22

The amendment addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

Accounting standards amendments and interpretations not yet adopted

At the date of these Financial Statements, competent bodies of the European Union had completed the approval process necessary for the adoption of the following accounting standards and amendments:

- IFRS 16 "Leases". This new standard will replace the current IAS 17. The main change concerns the accounting by lessees that, according to IAS 17, were required to make a distinction between a finance lease (on balance sheet) and an operating leases (off balance sheet). With IFRS 16, operating leases will be treated for accounting purposes as finance leases. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases.
  This standard will apply from 1 January 2019. Early application will be possible if IFRS 15 "Revenue from contracts with customers" is jointly adopted.
  The Group has set up a work team to assess the potential impact and estimates that it will complete the analysis by the end of the year.

Accounting standards amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- In May 2017, IASB issued the new standard IFRS 17 – Insurance Contracts. The new standard will replace IFRS 4 and will be effective from 1 January 2021.
- In June 2017, the IASB published interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" which provides information on how to account for uncertainties over the tax treatment of a given phenomenon in the recognition of income taxes. IFRIC 23 will be effective from 1 January 2019.
- In December 2017, the IASB published annual amendments to IFRS 2015–2017 (IFRS 3, IFRS 11, IAS 12 and IAS 23), effective from 1 January 2019.
- In February 2018, the IASB published some amendments to IAS 19, that will require companies to revise the assumptions they use to determine the cost and financial charges in the case of changes to the plan. These amendments will apply from 1 January 2019.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the expected operating outlook.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below.

Currency	**Spot exchange rate 28 September 2018**	**Average exchange rate First nine months of 2018**	**Spot exchange rate 29 December 2017**	**Average exchange rate First nine months of 2017**
US Dollar	1.1576	1.19420	1.1993	1.11403
Pounds Sterling	0.88730	0.88405	0.88723	0.87318
Indian Rupee	83.9160	80.19052	76.6055	72.64485
Singapore Dollars	1.5839	1.60033	1.6024	1.54704
Chinese yuan	7.9662	7.77886	7.8044	7.57660
Croatian Kuna	7.4346	7.41765	7.4400	7.44106
Japanese Yen	131.23	130.92534	135.01	124.68130
Vietnamese Dong	26,960.91	27,174.07228	26,934.34	25,119.67675
Canadian Dollars	1.5064	1.53724	1.5039	1.45461
Indonesian Rupiah	17,236.66	16,769.34251	16,260.11	14,852.14198
Brazilian Real	4.6535	4.29662	3.9729	3.53516

B) SEGMENT REPORTING

3. Operating segment reporting

The organisational structure of the Group is based on 3 Geographical Segments, involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and the Americas, India and Asia Pacific 2W. Operating segments are identified by management, in line with the management and control model used.

In particular, the structure of disclosure corresponds to the structure of periodic reporting analysed by the Chairman and Chief Executive Officer for business management purposes.

Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

Central structures and development activities currently dealt with by EMEA and the Americas, are handled by individual segments.

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
Sales volumes (unit/000)	1-1/30-9-2018	195.6	211.9	62.0	**469.4**
	1-1/30-9-2017	202.4	166.7	57.6	**426.7**
	Change	(6.8)	45.2	4.3	**42.7**
	Change %	-3.4%	27.1%	7.5%	**10.0%**
Net turnover (millions of euros)	1-1/30-9-2018	656.9	306.3	130.5	**1,093.7**
	1-1/30-9-2017	664.7	260.4	132.2	**1,057.3**
	Change	(7.8)	45.9	(1.7)	**36.4**
	Change %	-1.2%	17.6%	-1.3%	**3.4%**
Gross margin (millions of euros)	1-1/30-9-2018	202.7	81.9	49.7	**334.4**
	1-1/30-9-2017	209.0	68.4	49.8	**327.1**
	Change	(6.2)	13.5	(0.1)	**7.2**
	Change %	-3.0%	19.8%	-0.1%	**2.2%**
EBITDA (millions of euros)	1-1/30-9-2018				**166.0**
	1-1/30-9-2017				**159.0**
	Change				**6.9**
	Change %				**4.4%**
EBIT (millions of euros)	1-1/30-9-2018				**84.9**
	1-1/30-9-2017				**69.1**
	Change				**15.8**
	Change %				**22.9%**
Net profit (millions of euros)	1-1/30-9-2018				**36.3**
	1-1/30-9-2017				**25.1**
	Change				**11.2**
	Change %				**44.6%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 1,093,740

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 20,009) and invoiced advertising cost recoveries (€/000 2,631), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographic segment
The breakdown of revenues by geographical segment is shown in the following table:

	First nine months of 2018		First nine months of 2017		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of Euros						
EMEA and Americas	656,945	60.1	664,722	62.9	(7,777)	-1.2
India	306,278	28.0	260,373	24.6	45,905	17.6
Asia Pacific 2W	130,517	11.9	132,197	12.5	(1,680)	-1.3
Total	**1,093,740**	**100.0**	**1,057,292**	**100.0**	**36,448**	**3.4**

In the first nine months of 2018, net sales revenues increased by 3.4% compared to the same period of the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 (653,919)

Costs for materials increased by €/000 34,691 compared to the first nine months of 2017. The item includes €/000 17,451 (€/000 21,776 in the first nine months of 2017) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan Motorcyle Co., that are sold on European and Asian markets.

6. Costs for services and leases and rental costs €/000 (170,978)

Costs for services and leases and rental costs recorded a downturn of €/000 3,968 compared to the first nine months of 2017. The item includes costs for temporary work of €/000 1,509.
Costs for leases and rentals, amounting to €/000 13,245, include lease rentals for business properties of €/000 5,156, as well as lease payments for car hire, computers and photocopiers.

7. Employee costs €/000 (165,937)

Employee costs include €/000 2,163 relating mainly to costs for redundancy plans for the Pontedera and Noale production sites.

	First nine months of 2018	First nine months of 2017	Change
In thousands of Euros			
Salaries and wages	(124,522)	(121,533)	(2,989)
Social security contributions	(32,761)	(32,996)	235
Termination benefits	(5,592)	(5,631)	39
Other costs	(3,062)	(4,471)	1,409
Total	**(165,937)**	**(164,631)**	**(1,306)**

Below is a breakdown of the headcount by actual number and average number:

	Average number		
	First nine months of 2018	**First nine months of 2017**	**Change**
Level			
Senior management	97.7	96.7	1.0
Middle management	628.6	589.9	38.7
White collars	1,706.8	1,726.0	(19.2)
Blue collars	4,297.6	4,230.8	66.8
Total	**6,730.7**	**6,643.4**	**87.3**

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).

In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

	Number as of		
	30 September 2018	**31 December 2017**	**Change**
Level			
Senior management	97	97	0
Middle management	634	603	31
White collars	1,711	1,733	(22)
Blue collars	4,312	4,187	125
Total	**6,754**	**6,620**	**134**
EMEA and Americas	3,645	3,682	(37)
India	2,228	2,090	138
Asia Pacific 2W	881	848	33
Total	**6,754**	**6,620**	**134**

8. Amortisation/depreciation and impairment costs — €/000 (81,039)

The item decreased by €/000 8,870 compared to the first nine months of 2017. This item includes:

- Amortisation and impairment costs of intangible assets for €/000 (51,031) (€/000 (56,111) in the first nine months of 2017);
- Depreciation and impairment costs of plant, property and equipment for €/000 (30,008) (€/000 (33,798) in the first nine months of 2017).

9. Other operating income **€/000 78,744**

This item, consisting mainly of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, increased by €/000 1,475 compared to the first nine months of 2017.

10. Net value adjustments (write-downs) of trade and other receivables **€/000 (1,492)**

This item consists of:

	First nine months 2018	First nine months of 2017	Change
In thousands of Euros			
Issue of provisions	32	72	(40)
Losses on receivables	(10)	(53)	43
Provision for bad debts	(1,514)	(1,825)	311
Total	**(1,492)**	**(1,806)**	**314**

11. Other operating costs **€/000 14,194**

This item decreased by €/000 725.

12. Income/(loss) from investments **€/000 765**

Income from investments refers to the portion attributable to the Group of the Zongshen Piaggio Foshan joint venture (€/000 742), of the affiliated company Pontech (€/000 15) measured at equity, as well as dividends from minority interests (€/000 8).

13. Net financial income (borrowing costs) **€/000 (19,601)**

The balance of financial income (borrowing costs) for the first nine months of 2018 improved compared to figures for the same period of the previous year (€/000 25,813), thanks to a reduction in average debt and lower borrowing costs. This improvement was amplified by net non-recurrent income of €/000 910 from the liability management operation on the "Eur 250 million Piaggio 4.625% due 2021" debenture loan and recognised in the income statement as required by IFRS 9.

14. Taxes **€/000 (29,740)**

Income tax for the period, determined based on IAS 34, was estimated by applying a rate of 45% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the entire financial year.

15. Gain/(loss) from assets held for disposal or sale **€/000 0**

At the end of the reporting period, there were no gains or losses from assets held for disposal or sale.

16. Earnings per share

Earnings per share are calculated as follows:

		First nine months 2018	First nine months of 2017
Net profit	€/000	36,349	25,135
Earnings attributable to ordinary shares	€/000	36,349	25,135
Average number of ordinary shares in circulation		358,057,087	358,153,644
Earnings per ordinary share	€	0.102	0.070
Adjusted average number of ordinary shares		358,057,087	358,153,644
Diluted earnings per ordinary share	€	0.102	0.070

D) INFORMATION ON OPERATING ASSETS AND LIABILITIES

17. Intangible assets €/000 648,273

The table below shows the breakdown of intangible assets as of 30 September 2018, as well as changes during the period.

In thousands of Euros	***Development costs***	***Patent rights***	***Concessions, licences and trademarks***	***Goodwill***	***Other***	***Assets under development and advances***	***Total***
As of 1 January 2018							
Historical cost	232,890	361,842	155,074	557,322	6,809	18,487	1,332,424
Provisions for write-down	(1,007)	(2,157)				(1,018)	(4,182)
Accumulated amortisation	(165,664)	(284,888)	(111,677)	(110,382)	(6,654)		(679,265)
Net carrying amount	**66,219**	**74,797**	**43,397**	**446,940**	**155**	**17,469**	**648,977**
First nine months of 2018							
Investments	12,276	1,010			8	38,004	51,298
Transitions in the period	3,891	849			16	(4,756)	0
Amortisation	(25,420)	(21,327)	(3,617)		(74)		(50,438)
Disposals	(37)	(20)			(8)		(65)
Write-downs						(593)	(593)
Exchange differences	(498)	(102)			(1)	(305)	(906)
Total movements for the period	**(9,788)**	**(19,590)**	**(3,617)**	**0**	**(59)**	**32,350**	**(704)**
As of 30 September 2018							
Historical cost	250,142	364,520	127,409	557,322	16,613	51,315	1,367,321
Provisions for write-down	(1,007)	(2,157)				(1,496)	(4,660)
Accumulated amortisation	(192,704)	(307,156)	(87,629)	(110,382)	(16,517)		(714,388)
Net carrying amount	**56,431**	**55,207**	**39,780**	**446,940**	**96**	**49,819**	**648,273**

Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
In the first nine months of 2018, borrowing costs for €/000 195 were capitalised.

18. Property, plant and equipment €/000 257,079

The table below shows the breakdown of property, plant and equipment as of 30 September 2018, as well as changes during the period.

In thousands of Euros	*Land*	*Buildings*	*Plant and machinery*	*Equipment*	*Other assets*	**Under construction and advances**	*Total*
As of 1 January 2018							
Historical cost	27,640	167,730	475,729	508,427	52,353	14,748	1,246,627
Provisions for write-down			(483)	(2,408)	(64)		(2,955)
Accumulated depreciation		(73,833)	(362,119)	(489,011)	(45,696)		(970,659)
Net carrying amount	**27,640**	**93,897**	**113,127**	**17,008**	**6,593**	**14,748**	**273,013**
First nine months of 2018							
Investments		268	1,136	4,528	2,985	12,025	20,942
Transitions in the period		232	6,141	1,083	1,321	(8,777)	0
Depreciation		(3,750)	(15,924)	(7,245)	(3,089)		(30,008)
Disposals		(20)	(9)	(1)	(633)	(7)	(670)
Write-downs							
Exchange differences		(1,258)	(4,372)		(52)	(516)	(6,198)
Total movements for the period	**0**	**(4,528)**	**(13,028)**	**(1,635)**	**532**	**2,725**	**(15,934)**
As of 30 September 2018							
Historical cost	27,640	166,383	474,263	514,244	55,330	17,473	1,255,333
Provisions for write-down			(483)	(2,408)	(64)		(2,955)
Accumulated depreciation		(77,014)	(373,681)	(496,463)	(48,141)		(995,299)
Net carrying amount	**27,640**	**89,369**	**100,099**	**15,373**	**7,125**	**17,473**	**257,079**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).
The increases mainly relate to the construction of moulds for new vehicles launched during the period.
Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. In the first nine months of 2018, borrowing costs for €/000 113 were capitalised.

As of 30 September 2018, the net value of assets held by lease agreements was as follows:

In thousands of Euros	**As of 30 September 2018**
Vespa painting plant	10,913
Vehicles	20
Total	**10,933**

Future lease rental commitments are detailed in note 38.

19. Investment Property €/000 11,314

Investment property refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.

In thousands of Euros	
Opening balance as of 1 January 2018	**11,523**
Fair value adjustment	(209)
Final balance as of 30 September 2018	**11,314**

During the quarter, no indicators of changes in fair value were identified, and therefore the carrying amount determined for the Half-year Financial Report as of 30 June 2018, with the assistance of a specific appraisal by an independent expert, was confirmed. The expert evaluated the "Fair value less cost of disposal" using a market approach (as provided for by IFRS 13). This analysis identified the total value of the investment as €/000 11,314.
The Group uses the "fair value model" as provided for in IAS 40, thus the measurement updated during 2018 resulted in profit adjusted to fair value, equal to €/000 209 being recognised under other costs in the income statement for the period.

20. Deferred tax assets €/000 59,450

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

The item totalled €/000 59,450, up on the figure of €/000 58,601 as of 31 December 2017.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

1. tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
2. taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Group plan were used as a reference.

In view of these considerations, and with a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences.

21. Inventories €/000 241,922

This item comprises:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Raw materials and consumables	108,243	104,450	3,793
Provision for write-down	(12,314)	(13,941)	1,627
Net value	*95,929*	*90,509*	5,420
Work in progress and semifinished products	15,235	18,241	(3,006)
Provision for write-down	(852)	(852)	0
Net value	*14,383*	*17,389*	(3,006)
Finished products and goods	157,190	134,055	23,135
Provision for write-down	(25,928)	(23,526)	(2,402)
Net value	*131,262*	*110,529*	20,733
Advances	348	195	153
Total	**241,922**	**218,622**	**23,300**

As of 30 September 2018, inventories had increased by €/000 23,300, in line with the trend expected for production volumes and sales in the future.

22. Current and non-current trade receivables €/000 119,645

As of 30 September 2018 and 31 December 2017, no trade receivables were recognised as non-current assets. Current trade receivables are broken down as follows:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Trade receivables due from customers	117,980	81,845	36,135
Trade receivables due from JV	1,649	2,148	(499)
Trade receivables due from parent companies	2	2	0
Trade receivables due from associates	14		14
Total	**119,645**	**83,995**	**35,650**

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles Co. Ltd.
Receivables due from associates regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 24,379.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits.
As of 30 September 2018, trade receivables still due sold without recourse totalled €/000 116,405. Of these amounts, Piaggio received payment prior to natural expiry of €/000 102,692.
As of 30 September 2018, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 18,415 with a counter entry recorded in current liabilities.

23. Other current and non-current receivables **€/000 37,438**

They consist of:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Non-current portion:			
Sundry receivables due from associates	94	115	(21)
Prepaid expenses	11,062	9,312	1,750
Advances to employees	48	50	(2)
Security deposits	1,145	1,112	33
Receivables due from others	1,458	1,568	(110)
Total non-current portion	**13,807**	**12,157**	**1,650**

Receivables due from associates regard amounts due from the Fondazione Piaggio.

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Current portion:			
Sundry receivables due from parent companies	9,392	9,080	312
Sundry receivables due from JV	1,058	904	154
Sundry receivables due from associates	7	45	(38)
Accrued income	725	737	(12)
Prepaid expenses	3,972	3,516	456
Advance payments to suppliers	3,050	3,860	(810)
Advances to employees	200	1,638	(1,438)
Fair value of derivatives	24	102	(78)
Security deposits	280	331	(51)
Receivables due from others	4,923	6,703	(1,780)
Total current portion	**23,631**	**26,916**	**(3,285)**

Receivables due from Parent Companies refer to receivables due from Immsi and arise from the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention.

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Receivables due from associates regard amounts due from Immsi Audit.

The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis.

24. Current and non-current tax receivables **€/000 30,680**

Receivables due from tax authorities consist of:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
VAT receivables	12,379	12,083	296
Income tax receivables	16,179	13,590	2,589
Other tax receivables	2,122	5,346	(3,224)
Total	**30,680**	**31,019**	**(339)**

Non-current tax receivables totalled €/000 17,201, compared to €/000 19,913 as of 31 December 2017, while current tax receivables totalled €/000 13,479 compared to €/000 11,106 as of 31 December 2017.

25. Receivables due after 5 years **€/000 0**

As of 30 September 2018, there were no receivables due after 5 years.

26. Assets held for sale **€/000 0**

As of 30 September 2018, there were no assets held for sale.

27. Current and non-current trade payables **€/000 476,262**

As of 30 September 2018 and as of 31 December 2017, no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Amounts due to suppliers	464,667	402,400	62,267
Trade payables to JV	11,093	8,811	2,282
Trade payables due to other related parties	49	34	15
Trade payables due to parent companies	453	530	(77)
Total	**476,262**	**411,775**	**64,487**

28. Provisions (current and non-current portion) €/000 20,634

The breakdown and changes in provisions for risks during the period were as follows:

	Balance as of 31 December 2017	Allocations	Uses	Adjustments	Reclassifications	Exchange delta	Balance as of 30 September 2018
In thousands of Euros							
Provision for product warranties	13,619	7,421	(5,756)		80	(34)	15,330
Provision for contractual risks	2,732	664	(633)			5	2,768
Risk provision for legal disputes	2,013	35	(300)			19	1,767
Provisions for risk on guarantee	58						58
Other provisions for risks	751		(36)	(6)		2	711
Total	**19,173**	**8,120**	**(6,725)**	**(6)**	**80**	**(8)**	**20,634**

The breakdown between the current and non-current portion of long-term provisions is as follows:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Non-current portion			
Provision for product warranties	4,833	4,294	539
Provision for contractual risks	2,608	2,607	1
Risk provision for legal disputes	1,213	1,512	(299)
Other provisions for risks and charges	641	683	(42)
Total non-current portion	**9,295**	**9,096**	**199**

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Current portion			
Provision for product warranties	10,497	9,325	1,172
Provision for contractual risks	160	125	35
Risk provision for legal disputes	554	501	53
Provisions for risk on guarantee	58	58	0
Other provisions for risks and charges	70	68	2
Total current portion	**11,339**	**10,077**	**1,262**

The product warranty provision relates to allocations for technical assistance on products covered by customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.

The provision increased during the period by €/000 7,421 and was used for €/000 5,756 in relation to charges incurred during the period.

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
The provision for litigation concerns labour litigation and other legal proceedings.

29. Deferred tax liabilities €/000 2,518

Deferred tax liabilities amount to €/000 2,518 compared to €/000 3,170 as of 31 December 2017.

30. Retirement funds and employee benefits €/000 43,899

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Retirement funds	752	727	25
Post-employment benefits provision	43,147	43,730	(583)
Total	**43,899**	**44,457**	**(558)**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 7-10 duration as the valuation reference.
If instead an iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 30 September 2018 would have been lower by €1,289 thousand.

31. Current and non-current tax payables **€/000 22,200**

Tax payables, amounting to €/000 315 as of 30 September 2018 and recognised as non-current liabilities, are broken down as follows:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Due for income taxes	14,727	4,628	10,099
Due for non-income tax	77	31	46
Tax payables for:			
- VAT	4,224	568	3,656
- Tax withheld at source	2,651	4,260	(1,609)
- other	521	698	(177)
Total	7,396	5,526	1,870
Total	**22,200**	**10,185**	**12,015**

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws.

Payables for withheld taxes made refer mainly to withheld taxes on employees' earnings, on employment termination payments and on self-employed earnings.

32. Other payables (current and non-current) **€/000 57,339**

This item comprises:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Non-current portion:			
Guarantee deposits	2,861	2,731	130
Deferred income	2,430	2,764	(334)
Miscellaneous payables to JV	13	12	1
Other payables	111	114	(3)
Total non-current portion	**5,415**	**5,621**	**(206)**

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Current portion:			
Payables to employees	24,466	14,474	9,992
Accrued expenses	7,218	5,007	2,211
Deferred income	1,664	1,016	648
Amounts due to social security institutions	5,529	8,124	(2,595)
Fair value of derivatives	72	6	66
Miscellaneous payables to JV	84	190	(106)
Sundry payables due to affiliated companies		24	(24)
Sundry payables due to parent companies	6,731	7,649	(918)
Other payables	6,160	9,934	(3,774)
Total current portion	**51,924**	**46,424**	**5,500**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 8,868 and other payments to be made for €/000 15,598.

Payables to parent companies consist of payables to Immsi referring to expenses relative to the consolidated tax convention.

The item fair value of hedging derivatives mainly refers to the *fair value* of hedging derivatives relative to the exchange risk on *forecast transactions* recognised on an *cash flow hedge* basis.

The item Accrued liabilities includes €/000 188 for interest on hedging derivatives and relative hedged items measured at fair value.

33. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 38 Financial Liabilities.

With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

34. Investments €/000 8,096

The investments heading comprises:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Interests in joint ventures	7,949	7,415	534
Investments in affiliated companies	147	138	9
Total	**8,096**	**7,553**	**543**

The increase in the item Interests in joint ventures refers to the equity valuation of the investment in the Zongshen Piaggio Foshan Motorcycles Co. Ltd. joint venture.
The value of investments in associates was adjusted during the period to the corresponding value of shareholders' equity.

35. Other non-current financial assets €/000 5,690

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Fair value of derivatives	5,653	7,328	(1,675)
Investments in other companies	37	36	1
Total	**5,690**	**7,364**	**(1,674)**

The item Fair Value derivatives is related to the fair value of the Cross Currency Swap on the private debenture loan.

36. Other current financial assets €/000 2,399

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Fair value of derivatives	2,399	2,321	78
Total	**2,399**	**2,321**	**78**

The item refers to the fair value of the Cross Currency Swap on the private debenture loan.

37. Cash and cash equivalents €/000 197,498

The item, which mainly includes short-term and on demand bank deposits, is broken down as follows:

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Bank and postal deposits	138,654	88,697	49,957
Cash on hand	63	46	17
Securities	58,781	39,324	19,457
Total	**197,498**	**128,067**	**69,431**

The item Securities refers to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

Reconciliation of cash and cash equivalents recognised in the statement of financial position as assets with cash and cash equivalents recognised in the Statement of Cash Flows

The table below reconciles the amount of cash and cash equivalents above with cash and cash equivalents recognised in the Statement of Cash Flows.

	As of 30 September 2018	As of 30 September 2017	Change
In thousands of Euros			
Liquidity	197,498	179,387	18,111
Current account overdrafts	(5)	(222)	217
Closing balance	**197,493**	**179,165**	**18,328**

38. Current and non-current financial liabilities €/000 610,077

In the first nine months of 2018, the Group's total debt increased by €/000 25,814. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 September 2018 total financial debt of the Group had increased by €/000 27,844.

	Financial liabilities as of 30 September 2018			Financial liabilities as of 31 December 2017			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of Euros									
Gross financial debt	132,721	469,886	602,607	135,400	439,363	574,763	(2,679)	30,523	27,844
Fair value adjustment	2,296	5,174	7,470	2,380	7,120	9,500	(84)	(1,946)	(2,030)
Total	**135,017**	**475,060**	**610,077**	**137,780**	**446,483**	**584,263**	**(2,763)**	**28,577**	**25,814**

The adoption starting from 1 January 2018 of the new accounting standard IFRS 9 had a negative effect on debt and the same effect on the Group's net financial debt. Specifically, if the standard had been adopted as of 31 December 2017, debt at that date would have been around €5.5 million higher.

Net financial debt of the Group amounted to €/000 405,109 as of 30 September 2018 compared to €/000 446,696 as of 31 December 2017.

	As of 30 September 2018	As of 31 December 2017	Change
In thousands of Euros			
Liquidity	**197,498**	**128,067**	**69,431**
Securities			0
Current financial receivables	**0**	**0**	**0**
Payables due to banks	(58,713)	(59,693)	980
Current portion of bank loans	(44,386)	(49,994)	5,608
Debenture loan	(9,632)	(9,625)	(7)
Amounts due to factoring companies	(18,415)	(14,613)	(3,802)
Amounts due under leases	(1,242)	(1,144)	(98)
Current portion of payables due to other lenders	(333)	(331)	(2)
Current financial debt	**(132,721)**	**(135,400)**	**2,679**
Net current financial debt	**64,777**	**(7,333)**	**72,110**
Payables due to banks and lenders	(169,494)	(125,259)	(44,235)
Debenture loan	(292,005)	(304,592)	12,587
Amounts due under leases	(8,213)	(9,168)	955
Amounts due to other lenders	(174)	(344)	170
Non-current financial debt	**(469,886)**	**(439,363)**	**(30,523)**
Net Financial Debt[12]	**(405,109)**	**(446,696)**	**41,587**

Non-current financial liabilities totalled €/000 469,886 against €/000 439,363 as of 31 December 2017, whereas current financial liabilities totalled €/000 132,721 compared to €/000 135,400 as of 31 December 2017.

[12] Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of relative hedged items equal to €/000 7,470 and relative accruals.

The attached table summarises the breakdown of financial debt as of 30 September 2018 and as of 31 December 2017, as well as changes for the period.

		Cash flows						
	Balance as of 31.12.2017	**Changes**	**Repayments**	**New issues**	**Reclassi fications**	**Exchange delta**	**Other changes**	**Balance as of 30.09.2018**
In thousands of Euros								
Liquidity	**128,067**	**77,698**	**(4,268)**			**(3,999)**		**197,498**
Securities	0							0
Current financial receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Current account overdrafts	(173)		173	(5)				(5)
Current account payables	(59,520)		22,210	(18,928)		(2,470)		(58,708)
Current portion of medium-/long-term bank loans	(49,994)		53,002		(46,874)	(493)	(27)	(44,386)
Total current bank loans	*(109,687)*	*0*	*75,385*	*(18,933)*	*(46,874)*	*(2,963)*	*(27)*	*(103,099)*
Debenture loan	(9,625)		9,632		(9,632)		(7)	(9,632)
Amounts due to factoring companies	(14,613)			(3,802)				(18,415)
Amounts due under leases	(1,144)		858		(956)			(1,242)
Current portion of payables due to other lenders	(331)		323		(333)	8		(333)
Current financial debt	**(135,400)**	**0**	**86,198**	**(22,735)**	**(57,795)**	**(2,955)**	**(34)**	**(132,721)**
Net current financial debt	**(7,333)**	**77,698**	**81,930**	**(22,735)**	**(57,795)**	**(6,954)**	**(34)**	**64,777**
Medium-/long-term bank loans	(125,259)			(92,500)	46,874	148	1,243	(169,494)
Debenture loan	(304,592)		168,497	(168,497)	9,632		2,955	(292,005)
Amounts due under leases	(9,168)				956		(1)	(8,213)
Amounts due to other lenders	(344)			(162)	333	(1)		(174)
Non-current financial debt	**(439,363)**	**0**	**168,497**	**(261,159)**	**57,795**	**147**	**4,197**	**(469,886)**
NET FINANCIAL DEBT	**(446,696)**	**77,698**	**250,427**	**(283,894)**	**0**	**(6,807)**	**4,163**	**(405,109)**

Medium and long-term bank debt amounts to €/000 213,880 (of which €/000 169,494 non-current and €/000 44,386 current) and consists of the following loans:

- a €/000 16,364 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2013-2015 period. The loan will mature in December 2019 and has a repayment schedule of 11 six-monthly instalments at a fixed rate of 2.723%. Contract terms require covenants (described below);
- a €/000 55,634 medium-term loan (nominal value of €/000 55,715) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. Contract terms require covenants (described below);

- an €/000 80,890 loan (nominal value of €/000 82,500) syndicate loan for a total of €/000 250,000 signed in June 2018 and comprising a €/000 187,500 four-year tranche (with one year's extension at the borrower's discretion) as a revolving credit line (of which a nominal value of €/000 20,000 used as of 30 September 2018) and a tranche as a five-year loan with amortisation of €/000 62,500. Contract terms require covenants (described below);
- a €/000 14,978 medium-term loan (nominal value of €/000 15,000) granted by UBI Banca. The loan will mature on 30 June 2021 and has a repayment schedule of three-monthly instalments;
- a €/000 8,329 medium-term loan (nominal value of €/000 8,340) granted by Banca Popolare Emilia Romagna. The loan will fall due on 5 June 2019 and has a repayment schedule of six-monthly instalments;
- a €/000 9,092 loan granted by Banco BPM and comprising a tranche of €/000 12,500, granted as a revolving credit line (completely used as of 30 September 2018) maturing in January 2021 and a tranche granted as a loan with amortisation of €/000 12,500 (€/000 9,092 remaining at 30 September 2018), maturing in July 2022;
- a €/000 7,959 medium-term loan (nominal value of €/000 8,000) granted by Interbanca-Banca IFIS. The loan will fall due on 30 September 2022 and has a quarterly repayment plan. Contract terms require covenants (described below);
- a €/000 9,015 medium-term loan (nominal value of €/000 9,022) granted by Banca del Mezzogiorno. The loan will fall due on 2 January 2023 and has a six-monthly repayment plan. Contract terms require covenants (described below);
- a €/000 11,385 medium-term loan for VND/000 306,946,930 granted by VietinBank to the affiliate Piaggio Vietnam (for a total amount of VND/000 414,000,000) to fund the Research & Development investment plan. The loan matures in June 2021, with a repayment schedule in 7 six-monthly instalments, starting from June 2018, with a fixed rate for the first year, followed by a variable rate;
- €/000 234 of loans from various banks granted pursuant to Italian Law no. 346/88 on subsidised applied research.

All the above financial liabilities are unsecured.

The item Bonds for €/000 301,637 (nominal value of €/000 312,461) refers to:

- a €/000 32,384 private debenture loan (nominal value of €/000 32,461), (US Private Placement) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 30 September 2018 the fair value valuation of the debenture loan was equal to €/000 39,931 (the fair value was determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €/000 29,872 (nominal value of €/000 30,000) for a five-year private debenture loan issued on 28 June 2017 and wholly subscribed by Fondo Sviluppo Export, the fund set up

by SACE and managed by Amundi SGR. The issue does not provide for a specific rating, nor listing on a regulated market;

- €/000 239,381 (nominal value of €/000 250,000) refers to the liability management operation completed by the Parent Company during the second quarter of 2018. This operation was for the refinancing of a debenture loan issued by the Company on 30 April 2014 for a total of €/000 250,000 maturing on 30 April 2021. Favourable market conditions have made it possible to benefit from improved economic conditions, with an optimisation of the cost of debt and extension of its average life.

  In particular, the liability management operation concerned the following stages:

1. the launch on 9 April 2018 of the exchange offer between bonds relative to the pre-existing debenture loan with new-issue bonds and the concurrent exercise of the call option on the total of bonds not exchanged and subject to the successful outcome of a new issue on the market. 32.6% of bondholders took up the offer, for a total value of €/000 81,503;
2. the issue on 18 April 2018 of a High Yield debenture loan (with the same characteristics as the bond issued in 2014), for a total of €/000 250,000, maturing on 30 April 2025 and six-monthly coupon with nominal annual rate fixed at 3.625% (as mentioned, the issue for €/000 81,503 was on an exchange basis, while the remaining portion concerned inflows of new liquidity for the Group, in order to finance the exercise of the call option to wholly repay the previous issue). The debenture loan was rated by S&P (BB-) and Moody's (B1), in line with the ratings of the Group;
3. on 9 May 2018, the Group repaid in full the debenture loan issued on 30 April 2014 for the outstanding amount of €/000 168,497, exercising the call option provided for in the contract on the total of unexchanged bonds;
4. as provided for by IFRS 9, the operation was recognised in the income statement with a net, non-recurrent financial income of €/000 910 generated from income for €/000 4,431 originating from the change in fair value of the exchanged bonds (IFRS 9 paragraph b.3.3.6) net of the premium paid for the exchange of outstanding securities, as well as costs for €/000 3,521 mainly relative to premiums recognised for the pre-repayment of unexchanged bonds, and for alignment of the amortised cost due to the effects of exercising the call option.

The company may repay in advance:

- all or part of the amount of the high yield debenture loan issued on 30 April 2018, according to the conditions indicated in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IAS 9 b4.3.5;
- all or part of the amount of the private placement issued on 28 June 2017, according to the conditions indicated in the contract. The value of prepayment options was not

deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IAS 9 b4.3.5.

Medium-/long-term payables due to other lenders equal to €/000 9,962 of which €/000 8,387 due after the year and €/000 1,575 as the current portion, are detailed as follows:

- a finance lease for €/000 9,335 (nominal value of €/000 9,347) granted by Albaleasing as a Sale&Lease back agreement on a production plant of the Parent Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 8,213);
- a financial lease for €/000 120 granted by VFS Servizi Finanziari for the use of vehicles;
- a loan of €/000 25 from BMW finance for the purchase of cars (non-current portion equal to €/000 12);
- funding for a total of €/000 482 from the Ministry of Economic Development and from the Region of Tuscany pursuant to legislation on incentives for investments in research and development (non-current portion equal to €/000 162).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 18,415.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:

1) financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2) negative pledges according to which the company may not establish collaterals or other constraints on company assets;
3) "pari passu" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4) limitations on the extraordinary operations the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

The high yield debenture loan issued by the company in April 2018 provide for compliance with covenants which are typical of international practice on the high yield market. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:

1) pay dividends or distribute capital;
2) make some payments;
3) grant collaterals for loans;
4) merge with or establish some companies;
5) sell or transfer own assets.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

<u>Financial instruments</u>

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the Group has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows.

This policy analyses:

- the exchange risk: the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency.

As of 30 September 2018, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CAD	80	53	30/10/2018
Piaggio & C.	Purchase	CNY	86,300	10,745	29/10/2018
Piaggio & C.	Purchase	JPY	350,000	2,682	15/11/2018
Piaggio & C.	Purchase	SEK	4,600	445	31/10/2018
Piaggio & C.	Purchase	USD	20,600	17,582	10/11/2018
Piaggio & C.	Sale	CAD	430	280	09/11/2018
Piaggio & C.	Sale	GBP	5,050	5,668	31/10/2018
Piaggio & C.	Sale	INR	256,000	3,029	21/10/2018
Piaggio & C.	Sale	JPY	20,000	151	21/12/2018
Piaggio & C.	Sale	USD	25,350	21,676	10/11/2018
Piaggio & C.	Sale	VND	27,500	1,014	29/10/2018
Piaggio Vietnam	Purchase	€	4,700	128,443,100	21/10/2018
Piaggio Vietnam	Sale	USD	38,500	892,776,000	28/11/2018
Piaggio Indonesia	Purchase	USD	5,005	74,676,530	13/11/2018
Piaggio Vehicles Private Limited	Sale	USD	4,257	310,291	06/11/2018
Piaggio Vehicles Private Limited	Sale	€	6,862	569,493	02/12/2018

- the settlement exchange risk: arises from the translation into euro of the financial statements of subsidiaries prepared in currencies other than the euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;

- **the economic exchange risk**: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

As of 30 September 2018, the Group had undertaken the following hedging transactions on the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	53,000	6,510	23/11/2018
Piaggio & C.	Sale	GBP	2,525	2,830	15/11/2018

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 30 September 2018 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 273.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.
As of 30 September 2018, the following hedging derivatives had been taken out:

Fair value hedging derivatives (fair value hedging and fair value options)

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 47,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 30 September 2018, the fair value of the instrument was equal to €/000 8,162. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 421.

	FAIR VALUE
In thousands of Euros	
Piaggio & C. S.p.A.	
Cross Currency Swap	8,162

F) INFORMATION ON SHAREHOLDERS' EQUITY

39. Share capital and reserves **€/000 386,555**

For the composition of shareholders' equity, please refer to the Statement of Changes in Consolidated Shareholders' Equity. The following describes some of the most significant items.

Share capital €/000 207,614

During the period, the nominal share capital of Piaggio & C. did not change.

Therefore, as of 30 September 2018, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to €207,613,944.37, divided into 358,153,644 ordinary shares.

Treasury shares €/000 (1,272)

During the period, 643,818 treasury shares were purchased. Therefore, as of 30 September 2018, Piaggio & C. held 643,818 treasury shares, equal to 0.1798% of the share capital.

Shares in circulation and treasury shares

	2018	**2017**
no. of shares		
Situation as of 1 January		
Shares issued	358,153,644	361,208,380
Treasury portfolio shares	0	3,054,736
Shares in circulation	358,153,644	358,153,644
Movements for the period		
Cancellation of treasury shares		(3,054,736)
Purchase of treasury shares	643,818	
Situation as of 30 September 2018 and 31 December 2017		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	643,818	0
Shares in circulation	357,509,826	358,153,644

Share premium reserve €/000 7,171

The share premium reserve as of 30 September 2018 was unchanged compared to 31 December 2017.

Legal reserve €/000 20,125

The legal reserve as of 30 September 2018 had increased by €/000 1,030 as a result of the allocation of earnings for the last year.

Financial instruments' fair value reserve €/000 (181)

The financial instrument *fair value* reserve relates to the effects of *cash flow hedge* accounting implemented on foreign currencies, interest and specific commercial transactions. These transactions are described in full in the note on financial instruments.

Dividends €/000 19,698

The Shareholders' Meeting of Piaggio & C. S.p.A. of 16 April 2018 resolved to distribute a dividend of 5.5 eurocents per ordinary share. During April this year, therefore, dividends were distributed to a total value of €/000 19,698. Dividends totalling €/000 19,698 were paid in 2017.

	Total amount		**Dividend per share**	
	2018	**2017**	**2018**	**2017**
	€/000	€/000	€	€
Authorised and paid	19,698	19,698	0.055	0.055

Earnings reserve €/000 202,215

Capital and reserves of non-controlling interest €/000 (201)

The end of period figures refer to non-controlling interests in Aprilia Brasil Industria de Motociclos S.A.

40. Other components of the Statement of Comprehensive Income €/000 (9,864)

The figure is broken down as follows:

In thousands of Euros	***Reserve for measurement of financial instruments***	***Group translation reserve***	***Earnings reserve***	***Group total***	***Share capital and reserves attributable to non-controlling interests***	***Total Other components of the Statement of Comprehensive Income***
As of 30 September 2018						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			(1,114)	(1,114)		(1,114)
Total	0	0	(1,114)	(1,114)	0	(1,114)
Items that may be reclassified in the income statement						
Total translation gains (losses)		(8,716)		(8,716)	35	(8,681)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method		(208)		(208)		(208)
Total profits (losses) on cash flow hedges	139			139		139
Total	139	(8,924)	0	(8,785)	35	(8,750)
Other components of the Statement of Comprehensive Income	**139**	**(8,924)**	**(1,114)**	**(9,899)**	**35**	**(9,864)**
As of 30 September 2017						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			1,425	1,425		1,425
Total	0	0	1,425	1,425	0	1,425
Items that may be reclassified in the income statement						
Total translation gains (losses)		(10,149)		(10,149)	27	(10,122)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method		(658)		(658)		(658)
Total profits (losses) on cash flow hedges	(23)			(23)		(23)
Total	(23)	(10,807)	0	(10,830)	27	(10,803)
Other components of the Statement of Comprehensive Income	**(23)**	**(10,807)**	**1,425**	**(9,405)**	**27**	**(9,378)**

The tax effect relative to other components of the Statement of Comprehensive Income is broken down as follows:

	As of 30 September 2018			**As of 30 September 2017**		
In thousands of Euros	***Gross value***	***Tax (expense) / benefit***	***Net value***	***Gross value***	***Tax (expense) / benefit***	***Net value***
Remeasurements of defined benefit plans	(1,454)	340	(1,114)	1,875	(450)	1,425
Total translation gains (losses)	(8,681)		(8,681)	(10,122)		(10,122)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	(208)		(208)	(658)		(658)
Total profits (losses) on cash flow hedges	231	(92)	139	(11)	(12)	(23)
Other components of the Statement of Comprehensive Income	**(10,112)**	**248**	**(9,864)**	**(8,916)**	**(462)**	**(9,378)**

G) OTHER INFORMATION

41. Share-based incentive plans

As of 30 September 2018, there were no incentive plans based on financial instruments.

42. Information on related parties

Net sales, costs, payables and receivables as of 30 September 2018 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 n. DEM/6064293, is reported in the notes of the Consolidated Financial Statements.
The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

Piaggio & C. S.p.A. is controlled by the following companies:

Designation	Registered office	Type	% of ownership	
			As of 30 September 2018	As of 31 December 2017
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.3426	0.1370

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to article 2497 et seq. of the Italian Civil Code. During the period, management and coordination comprised the following activities:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations of the Group, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.

- IMMSI has also provided services for the development and management of Company assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.

- IMMSI has provided consultancy services and assistance for the Company and subsidiaries concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2016, for a further three years, the Parent Company signed up to the National Consolidated Tax Mechanism pursuant to articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in article 84, based on the criterion established by the consolidation agreement.

Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.

Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with Omniaholding S.p.A.. This agreement was signed in normal market conditions.

In the period from 1 January to 9 May 2018, Omniaholding S.p.A. held bonds of Piaggio & C. for a value of €2.9 million, accruing relative interest.

At present, it no longer holds bonds of Piaggio & C..

Pursuant to article 2.6.2, section 13 of the Regulation of Stock Markets organised and managed by Borsa Italiana S.p.A., the conditions as of article 37 of Consob regulation no. 16191/2007 exist.

Transactions with Piaggio Group companies

The main relations with subsidiaries, eliminated in the consolidation process, refer to the following transactions:

Piaggio & C. S.p.A.

- o sells vehicles, spare parts and accessories to sell on respective markets, to:

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova

- o sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o grants licences for rights to use the brand and technological know how to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o provides support services for staff functions to other Group companies;
- o issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:

- o Piaggio Indonesia
- o Piaggio Group Japan
- o Piaggio & C. S.p.A.
- o Foshan Piaggio Vehicles Tecnologies R&D

Piaggio Vehicles Private Limited sells vehicles, spare parts and accessories, for sale on respective markets, and components and engines to use in manufacturing, to Piaggio & C. S.p.A..

Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam

- o distribute vehicles, spare parts and accessories purchased by Piaggio & C. on their respective markets.

Piaggio Indonesia and Piaggio Group Japan

- provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa

- provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

Piaggio Asia Pacific

- provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

Piaggio Group Canada

- provides a sales promotion service and after-sales services to Piaggio Group Americas in Canada.

Foshan Piaggio Vehicles Tecnologies R&D provides to:

- Piaggio & C. S.p.A.:

  - component and vehicle design/development service;
  - scouting of local suppliers;

- Piaggio Vietnam:

  - scouting of local suppliers;
  - a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center provides to:

- Piaggio & C. S.p.A.:

  - a vehicle and component research/design/development service.

Aprilia Racing provides to:

- Piaggio & C. S.p.A.:

  - a racing team management service;
  - vehicle design service.

Relations between Piaggio Group companies and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Main intercompany relations between subsidiaries and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd, refer to the following transactions:

Piaggio & C. S.p.A.

- grants licences for rights to use the brand and technological know how to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Foshan Piaggio Vehicles Tecnologies R&D

- sells vehicles to Zongshen Piaggio Foshan Motorcycle Co. Ltd. for sale on the Chinese market.

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:
    - Piaggio Vietnam
    - Piaggio & C. S.p.A.

As of 30 September 2018	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Pontech - Pontedera & Tecnologia	Is Molas	Studio Girelli	Trevi	Omniaholding	IMMSI	**Total**	**% of accounting item**
In thousands of Euros											
Income statement											
Revenues from sales		2,663								**2,663**	**0.24%**
Costs for materials		(17,451)								**(17,451)**	**2.67%**
Costs for services	(2)		(585)		(7)	(29)	(16)		(925)	**(1,564)**	**1.01%**
Insurance									(26)	**(26)**	**0.84%**
Leases and rentals								(168)	(1,070)	**(1,238)**	**9.35%**
Other operating income		144	20						39	**203**	**0.26%**
Other operating costs		(79)	(5)						(10)	**(94)**	**0.66%**
Write-down/Impairment of investments		742		15						**757**	**98.95%**
Financial income									17	**17**	**0.25%**
Borrowing costs								(82)		**(82)**	**0.31%**
Assets											
Other non-current receivables	94									**94**	**0.68%**
Current trade receivables		1,649	14						2	**1,665**	**1.39%**
Other current receivables		1,058	7						9,392	**10,457**	**44.25%**
Liabilities											
Other non-current payables		13								**13**	**0.24%**
Current trade payables		11,093			4	29	16	37	416	**11,595**	**2.43%**
Other current payables		84							6,731	**6,815**	**13.12%**

43. Significant non-recurring events and operations

On 9 April 2018, the Parent Company exercised the call option of the debenture loan issued by the Company on 24 December 2014 for a total amount of €/000 250,000 and maturing on 30 April 2021. On 9 May, the remaining portion of this loan (equal to approximately €168,497 million) was paid back at the price of 101.25%, after the finalisation of the exchange offer launched on 9 April.

The operation resulted in the recognition of the following in the income statement for the first nine months of 2018:

- financial charges related to premiums paid to bond holders that did not take up the exchange offer and for the exchange of outstanding bonds and costs not yet amortised of the repaid loan (€3,521 thousand);
- financial income arising from the operation to change the original liability with a new bond issued with more favourable conditions for the issuer (€4,431 thousand).

The operation comes under significant non-recurrent transactions, as defined by CONSOB Communication no. DEM/6064293 of 28 July 2006. For the first nine months of 2017, no significant non-recurrent transactions had been recorded.

44. Transactions arising from atypical and/or unusual transactions

During 2017 and the first nine months of 2018, the Group did not record any significant atypical and/or unusual operations, as defined by Consob Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

45. Events occurring after the end of the period

To date, no events have occurred after 30 September 2018 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, refer to the Report on Operations for significant events after 30 September 2018.

46. Authorisation for publication

This document was published on 6 November 2018 authorised by the Chairman and Chief Executive Officer.

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In accordance with paragraph 2 of article 154-bis of the Consolidated Finance Act, the Financial Reporting Officer, Alessandra Simonotto, states that the accounting information in this document is consistent with the accounts.

Mantova, 23 October 2018

for the Board of Directors
Chairman and Chief Executive Officer
Roberto Colaninno