PRESS RELEASE

PIAGGIO GROUP: 2018 HALF-YEAR FINANCIAL STATEMENTS[1]

In the first half of 2018 the Piaggio Group reported an improvement in performance from the year-earlier period, with progress on all the main earnings indicators and a reduction in debt.

Consolidated net sales 729.6 million euro, up 1.2% (+6.2% at constant exchange rates) (720.9 €/mln in H1 2017)

Ebitda 116.6 million euro, up 2.3% (+3.1% at constant exchange rates) (114 €/mln in H1 2017) Ebitda margin 16% (15.8% in H1 2017)

Industrial gross margin 228.3 million euro, up 1.4% (+3.3% at constant exchange rates) (225.2 €/mln in H1 2017)
31.3% return on net sales (31.2% in H1 2017)

Ebit 61.9 million euro, up 16.8% (53 €/mln in H1 2017)
Ebit margin 8.5% (7.3% in H1 2017)

Profit before tax 48.5 million euro, up 33.1% from 36.5 €/mln in H1 2017

Net profit 26.7 million euro, up 26.2% (21.1 €/mln in H1 2017)

Net financial position -431.4 million euro,
an improvement of 15.3 €/mln from -446.7 €/mln at 31 December 2017 and
an improvement of 18.8 €/mln from -450.2 €/mln at 30 June 2017

304,000 vehicles shipped worldwide, up by 8.3% (280,700 in H1 2017)

Mantua, 27 July 2018 – At a meeting today chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. (PIA.MI) examined and approved the half-year report on operations as at and for the six months to 30 June 2018.

Piaggio Group business and financial performance at 30 June 2018[2]

Group **consolidated net sales** totalled **729.6 million euro**, **an improvement of 1.2%** from 720.9 million euro at 30 June 2017. **At constant exchange rates, net sales would have risen by 6.2% from the first half of 2017.**

The **industrial gross margin** was **228.3 million euro**, **up by 1.4%** from 225.2 million euro at 30 June 2017. **The return on net sales was 31.3%** (31.2% in the first half of 2017).

[1] As from 1 January 2018, the Piaggio Group has applied IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). In this press release, the 2017 half-year figures have been re-stated to permit comparison with the 2018 half-year figures.

[2] The main alternative performance indicators used by the Piaggio Group, representing the data monitored by management, are as follows:

- EBITDA: earnings (EBIT) before amortisation and depreciation and impairment losses on property, plant and equipment and intangible assets, as reflected in the consolidated income statement;
- Industrial gross margin: net sales less costs to sell;
- Net financial position: gross financial debt less cash and cash equivalents, and other current financial receivables. Determination of the net financial position does not include other financial assets and liabilities arising from measurement at fair value, derivatives designated or not as hedges, fair value adjustments of the related hedged items and related accruals.

Operating expense sustained by the Group in the first half of 2018 amounted to **166.4 million euro**, a decrease of 3.4% from the year-earlier period generated in part by the reduction in amortisation and depreciation.

The income-statement figures described above produced **consolidated Ebitda of 116.6 million euro, up 2.3%** from 114 million euro in the first half to 30 June 2017. The **Ebitda margin was 16%** (15.8% at 30 June 2017).

Ebit for the first half of 2018 was **61.9 million euro, up 16.8%** from 53 million euro in the year-earlier period. The **Ebit margin** was **8.5%** (7.3% at 30 June 2017).

At 30 June 2018, the Piaggio Group posted **profit before tax** of **48.5 million euro**, **up 33.1%** compared with 36.5 million euro in the first half of 2017. Income tax for the period was 21.8 million euro, with an impact on pre-tax profit of 45%.

The **Piaggio Group** closed the first half of 2018 with **net profit of 26.7 million euro, an increase of 26.2%** compared with 21.1 million euro in the first six months of 2017.

Net financial debt at 30 June 2018 stood at **431.4 million euro, an improvement of 15.3 million euro** from 446.7 million euro at 31 December 2017 and **an improvement of 18.8 million euro** from 450.2 million euro at 30 June 2017.

Group **shareholders' equity** at 30 June 2018 was **384.3 million euro** (385.1 million euro at 31 December 2017).

In the first half of 2018, Piaggio Group **capital expenditure amounted to 47.8 million euro, an increase of 9 million euro** from 38.8 million euro at 30 June 2017.

The total workforce of the Piaggio Group at 30 June 2018 numbered **6,976 employees**. The Group's Italian employees numbered 3,430, unchanged from the year-earlier period.

Business performance in the first half of 2018

During the first six months of 2018, the **Piaggio Group sold 304,000 vehicles worldwide, an increase of 8.3%** (280,700 shipments in the year-earlier period), and reported consolidated net sales of 729.6 million euro.

At **geographical level, sales volumes increased in India and in the Asia Pacific region**, while volumes in the EMEA and Americas regions were affected by the fall in demand for 50cc vehicles.

Two-wheelers:

In the first half of 2018, the Group sold 203,900 two-wheelers worldwide (202,100 in H1 2017), generating **net sales of 520.5 million euro** (538 million euro in the year-earlier period).
The figure **includes spares and accessories, on which turnover totalled 64.3 million euro**, up from the first half of 2017.

Group two-wheeler sales volumes in the first six months of 2018 increased by 0.9%, with a downturn in net sales (-3.3%) largely caused by the exchange-rate effect and a different geographical sales mix. In the first half the Piaggio Group reported a **sharp increase of 36.8% in two-wheeler sales volumes on the Indian market**, assisted in particular by sales of Vespa scooters, the Aprilia SR, and the growth of the network, with the opening of more than 60 Motoplex stores in India in the first six months of 2018. There was also an **increase of 9.8% in two-wheeler sales volumes in Asia Pacific** compared with the year-earlier period.

In **Europe, the Piaggio Group confirmed its leadership of the scooter segment, with a share of 25.6%.**

In the **scooter segment, the Vespa brand boosted sales volumes by approximately 10%** from 30 June 2017, with a particularly positive contribution from the Indian market and the ASEAN area, and the **Medley high-wheel scooter achieved growth of 12% in sales volumes**.

In the Group **motorcycle business,** important results were achieved by the **Aprilia brand,** with a **17% increase in sales.** Sales of the **V7** family were a significant driver in **Moto Guzzi** net sales.

Commercial vehicles:

In **commercial vehicles,** the Piaggio Group reported strong progress, with sales of **100,100 vehicles, up 27.3%** from 78,700 in the first half of 2017, and **net sales of 209.1 million euro, up +14.4%** from 182.8 million euro in the year-earlier period (+21.3% at constant exchange rates).
The figure includes **spares and accessories**, where **sales totalled 23.7 million euro, up 8.6%** from the first half of 2017.

Demand on the Indian market for **three-wheel commercial vehicles** showed strong signs of recovery and the PVPL subsidiary had an **overall three-wheeler market share of 22.8%.**

In the first half of 2018 the **PVPL production hub** exported **14,800 commercial vehicles**.

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group robotics company in Boston, is **continuing development work on its first innovative projects, Gita and Kilo, and conducted initial road trials in Los Angeles' Venice Beach district,** attracting great interest. Gita and Kilo are smart vehicles able to move autonomously in today's increasingly complex urban environments. The vehicles accompany the user, map their surroundings and monitor other moving objects.

Significant events in and after the first half of 2018

In addition to the information published at the time of approval of the 2018 first-quarter results (directors' meeting of 8 May 2018):

On 17 May, Piaggio Group Chairman and CEO Roberto Colaninno and the Deputy Chairman of Foton Motor Group and Chairman of Foton International, Chang Rui, signed the final contract for the development and production of a new range of four-wheel light commercial vehicles. On 18 July, the technical annexes were signed, completing the last stage in the agreement process. With the entry into effect of the partnership, the investment process for the production of the new vehicles began. All the operations will take place in the Piaggio Group's facilities in Pontedera and the products will make their European market debut as from 2020.

On 12 June, the Piaggio Group signed a 250 million euro five-year line of credit with a pool of banks. The main purpose of the facility is to refinance a revolving line and the term loan (for an equal amount) expiring in July 2019 granted by the same pool of banks.

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Outlook

In a context reflecting a strengthening of the Piaggio Group on global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market through:
  - further strengthening of its product range;
  - maintenance of current positions on the European commercial vehicle market;
- consolidating its presence in Asia Pacific by exploring new opportunities in countries in the region, with a particular focus on the premium segment of the market;
- increasing sales on the Indian scooter market thanks to the Vespa offer and the Aprilia SR 150;
- growing the penetration of commercial vehicles in India, in part through the introduction of new engine displacements.

At a more general level, the Group maintains its commitment – a characteristic of recent years and continuing in 2018 – to generate higher productivity through close attention to cost and investment efficiency, in compliance with its ethical principles.

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Conference call with analysts

The presentation of the financial results as at and for the six months ended 30 June 2018, which will be illustrated during a conference call with financial analysts, is available on the corporate website at *www.piaggiogroup.com/it/investor*.

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The Piaggio Group consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as at and for the six months ended 30 June 2018 are set out below.

The income statement schedules have been updated as a result of the adoption of IFRS 9, which amended IAS 1 (82 ba), requiring separate recognition in the income statement of impairment losses (including impairment reversals or net impairment losses on trade and other receivables).

The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2 of art. 154 bis of Legislative Decree no. 58/1998 (TUF), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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In line with the recommendations of CESR Communication 05-178b, attention is drawn to the fact that this press release contains a number of indicators that, though not yet contemplated by the IFRS ("Non-GAAP Measures"), are based on financial measures envisaged by the IFRS. These indicators – presented in order to assist assessment of the Group's business performance – should not be considered as alternatives to those envisaged by the IFRS and are consistent with those in the Piaggio Group 2017 Annual Report and in the quarterly and half-year reports. Furthermore, since determination of such indicators is not specifically regulated by the IFRS, the methods used may not coincide with those adopted by other companies/groups, and consequently the indicators in question may not be comparable. In compliance with Consob Communication no. 9081707 of 16 September 2009, it should be noted that the alternative performance indicators ("Non-GAAP Measures") have not been audited by the independent auditors.

This press release may contain forward-looking statements relating to future events and Piaggio Group business and financial results. By their nature, these statements are subject to inherent risks and uncertainties, since they relate to events and depend on circumstances that may or may not occur or exist in the future. Actual results may differ materially from those expressed in such statements as a result of a variety of factors.

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SCHEDULES

Consolidated Income Statement

	H1 2018		H1 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net Sales	**729,592**	**2,219**	**725,306**	**998**
Cost of materials	(430,024)	(14,069)	(420,130)	(16,424)
Cost of services and use of third-party assets	(114,484)	(1,866)	(119,792)	(1,933)
Employee expense	(112,555)		(113,300)	
Depreciation and impairment property, plant and equipment	(20,738)		(23,500)	
Amortisation and impairment intangible assets	(33,985)		(37,503)	
Other operating income	54,408	118	53,247	189
Impairment reversals (losses) net of trade and other receivables	(844)		(748)	
Other operating expense	(9,485)	(86)	(10,606)	(6)
EBIT	**61,885**		**52,974**	
Results of associates	404	404	637	637
Finance income	5,906	12	407	
Finance costs	(19,640)	(82)	(18,113)	(66)
Net exchange-rate gains/(losses)	(49)		547	
Profit before tax	**48,506**		**36,452**	
Income tax expense	(21,828)		(15,310)	
Profit from continuing operations	**26,678**		**21,142**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	**26,678**		**21,142**	
Attributable to:				
Equity holders of the parent	**26,678**		**21,142**	
Minority interests				
Earnings per share (in €)	**0.074**		**0.059**	
Diluted earnings per share (in €)	**0.074**		**0.059**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2018”.

Consolidated Statement of Comprehensive Income

In thousands of euro	H1 2018	H1 2017
Profit (loss) for the period (A)	**26,678**	**21,142**
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(1,203)	1,921
Total	**(1,203)**	**1,921**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(3,197)	(5,440)
Share of components of Comprehensive Income relating to equity-accounted investees	108	(542)
Total gains (losses) on cash flow hedges	573	40
Total	**(2,516)**	**(5,942)**
Other comprehensive income (expense) (B)*	**(3,719)**	**(4,021)**
Total comprehensive income (expense) for the period (A + B)	**22,959**	**17,121**

* Other comprehensive income (expense) taking related tax effects into account

Attributable to:		
Equity holders of the parent	**22,932**	**17,094**
Minority interests	**27**	**27**

Consolidated Statement of Financial Position

	At 30 June 2018		At 31 December 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
ASSETS				
Non-current assets				
Intangible assets	649,274		648,977	
Property, plant and equipment	262,353		273,013	
Investment property	11,314		11,523	
Equity investments	8,060		7,553	
Other financial assets	8,090		7,364	
Non-current tax receivables	17,819		19,913	
Deferred tax assets	59,940		58,601	
Trade receivables				
Other receivables	13,592	94	12,157	115
Total non-current assets	**1,030,442**		**1,039,101**	
Assets held for sale				
Current assets				
Trade receivables	136,327	1,873	83,995	2,150
Other receivables	28,986	10,801	26,916	10,029
Current tax receivables	18,127		11,106	
Inventories	270,203		218,622	
Other financial assets	2,399		2,321	
Cash and cash equivalents	193,323		128,067	
Total current assets	**649,365**		**471,027**	
Total Assets	**1,679,807**		**1,510,128**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2018”.

	At 30 June 2018		At 31 December 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of the parent	384,510		385,296	
Share capital and reserves attributable to minority interests	(209)		(236)	
Total shareholders' equity	**384,301**		**385,060**	
Non-current liabilities				
Borrowings due after one year	493,392		446,483	2,900
Trade payables				
Other non-current provisions	9,204		9,096	
Deferred tax liabilities	2,813		3,170	
Pension funds and employee benefits	45,107		44,457	
Tax payables				
Other non-current payables	5,753	13	5,621	12
Total non-current liabilities	**556,269**		**508,827**	
Current liabilities				
Borrowings due within one year	141,299		137,780	
Trade payables	511,626	15,778	411,775	9,375
Tax payables	20,722		10,185	
Other current liabilities	54,310	6,867	46,424	7,863
Current portion of other non-current provisions	11,280		10,077	
Total current liabilities	**739,237**		**616,241**	
Total Shareholders’ equity and Liabilities	**1,679,807**		**1,510,128**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2018”.

Consolidated Statement of Cash Flows

This schedule shows the determinants of changes in cash and cash equivalents net of bank overdrafts, as required by IAS 7.

	H1 2018		H1 2017	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating assets				
Profit (loss) for the period	26,678		21,142	
Earnings attributable to minority interests	0		0	
Income tax expense	21,828		15,310	
Depreciation property, plant and equipment	20,738		23,500	
Amortisation intangible assets	33,477		37,503	
Allowances for risks, retirement funds and employee benefits	9,351		9,883	
Impairment losses / (Reversals)	1,584		775	
Losses / (Gains) realised on sale of property, plant and equipment	(43)		(77)	
Losses / (Gains) realised on sale of intangible assets	0		(2)	
Finance income	(5,906)		(343)	
Finance costs	19,640		16,610	
Income from public grants	(2,077)		(1,843)	
Share of results of associates	(404)		(637)	
Change in working capital:				
(Increase)/Decrease in trade receivables	(53,013)	277	(51,195)	1,250
(Increase)/Decrease in other receivables	(3,690)	(751)	1,913	(586)
(Increase)/Decrease in inventories	(51,581)		(42,707)	
Increase/(Decrease) in trade payables	99,851	6,403	96,364	6,910
Increase/(Decrease) in other payables	8,018	(995)	7,797	46
Increase/(Decrease) in provisions for risks	(4,488)		(4,721)	
Increase/(Decrease) in retirement funds and employee benefits	(4,527)		(7,208)	
Other movements	(2,733)		(861)	
Cash generated by operating activities	**112,703**		**121,203**	
Interest expense paid	(17,519)		(15,428)	
Tax paid	(13,055)		(6,704)	
Cash flow from operating activities (A)	**82,129**		**99,071**	
Investing activities				
Investment in property, plant and equipment	(13,168)		(12,109)	
Sale price or redemption value of property, plant and equipment	659		160	
Investment in intangible assets	(34,611)		(26,661)	
Sale price or redemption value of intangible assets	38		467	
Interest collected	243		399	
Cash flow from investing activities (B)	**(46,839)**		**(37,744)**	
Financing activities				
Outflow for dividends paid	(19,698)		(19,698)	
Loans received	291,414		80,484	
Outflow for loan repayments	(240,006)		(84,933)	
Repayment of finance leases	(570)		(561)	
Cash flow from financing activities (C)	**31,140**		**(24,708)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	66,430		36,619	
Opening balance	**127,894**		**191,400**	
Exchange differences	(1,408)		(5,354)	
Closing balance	**192,916**		**222,665**	