PRESS RELEASE

PIAGGIO GROUP: FIRST QUARTER 2018

Consolidated net sales 312.3 million euro, up 1% (+6.7% at constant exchange rates) (309.1 €/mln in Q1 2017)

Ebitda 43.2 million euro, up 4.9% (41.2 €/mln in Q1 2017)
Ebitda margin 13.8% (13.3% in Q1 2017)

Industrial gross margin 96.7 million euro, up 1.6%
(95.1 €/mln in Q1 2017) 31% return on net sales (30.8% in Q1 2017)

Ebit 14.5 million euro, up 32.4%
(10.9 €/mln in Q1 2017) Ebit margin 4.6% (3.5% in Q1 2017)

Profit before tax 7 million euro, up from 2.5 €/mln in Q1 2017

Net profit 4 million euro, against 1.5 €/mln in Q1 2017

Net financial position -502.9 million euro,
an improvement of 29.5 €/mln from -532.4 €/mln at 31 March 2017

129,700 vehicles shipped worldwide, up by 7% (121,200 in Q1 2017)

Milan, 08 May 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 interim report on operations as at and for the three months to 31 March 2018.

***Piaggio Group business and financial performance at 31 March 2018*[1]**

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

Group **consolidated net sales** totalled **312.3 million euro**, **an improvement of 1%** from 309.1 million euro at 31 March 2017. **At constant exchange rates, net sales would have risen by 6.7% from the first quarter of 2017.**

The **industrial gross margin** was **96.7 million euro**, **up by 1.6%** from 95.1 million euro at 31 March 2017. **The return on net sales was 31%, the best first-quarter result since admission to trading (30.8% at 31 March 2017).**

[1] 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 quarter of 2018 amounted to **82.2 million euro**, a decrease of 2.4% from the year-earlier period generated in part by the reduction in amortisation and depreciation.

The changes in the income statement described above generated **consolidated Ebitda of 43.2 million euro, up by 4.9%** from 41.2 million euro at 31 March 2017, **the best first-quarter result since admission to trading.** The **Ebitda margin was 13.8%** (13.3% at 31 March 2017).

Ebit in the first quarter of 2018 amounted to **14.5 million euro, up 32.4%** from 10.9 million euro in the first quarter of 2017. The **Ebit margin** was **4.6%** (3.5% at 31 March 2017).

At 31 March 2018, the Piaggio Group posted **profit before tax** of **7 million euro**, **a strong increase** from 2.5 million euro in the first quarter of 2017. Income tax for the period was 3 million euro, with an impact on pre-tax profit of 43%.

The **Piaggio Group** closed the first quarter of 2018 with **net profit of 4 million euro, a significant increase** compared with 1.5 million euro in the first three months of 2017.

Net financial debt at 31 March 2018 stood at **502.9 million euro,** an improvement of **29.5 million euro** from 31 March 2017 (532.4 million euro). At 31 December 2017 net financial debt was 446.7 million euro, lower than at the end of the first quarter of 2018 due to the typical seasonal nature of the two-wheeler business, which absorbs financial resources in the first half of the year and generates them in the second half.

Group **shareholders' equity** at 31 March 2018 was **380 million euro** (385.1 million euro at 31 December 2017).

In the first quarter of 2018, Piaggio Group **capital expenditure amounted to 22.3 million euro** (18.3 million euro at 31 March 2017).

The total workforce of the Piaggio Group at 31 March 2018 numbered **6,632 employees**. The Group's Italian employees numbered 3,435, substantially unchanged from the year-earlier period.

Business performance in the first quarter of 2018

During the first three months of 2018, the **Piaggio Group sold 129,700 vehicles worldwide, an increase of 7%** (121,200 shipments in the year-earlier period), and reported consolidated net sales of 312.3 million euro.

The Group **geographical breakdown** reflected **strong volumes growth in India (+31%) and Asia Pacific (+11%), which more than counterbalanced the sales decline in Emea and the Americas (-15.1%), caused largely by unfavourable weather and a downturn in demand for 50cc vehicles.**

Two-wheelers:

In the first quarter of 2018, the Group **sold 80,600 two-wheelers worldwide**(82,500 in Q1 2017), generating **net sales of 210.1 million euro** (218.9 million euro in the year-earlier period).
The figure **includes spares and accessories, on which turnover totalled 29.5 million euro**, in line with the first quarter of 2017.

The Group reported **a strong increase of 36.4% in two-wheeler volumes on the Indian market** from the first quarter of 2017, while the two-wheeler volume growth in **Asia Pacific** was 11% from the year-earlier period. These results more than offset the 15.9% fall in volumes in western countries.

In **Europe the Piaggio Group confirmed its leadership of the scooter segment, with a share of 23.6%.** The Group retained a particularly **strong presence on the North American scooter market, where its share reached 24.7%,** and is already taking action to strengthen its position in motorcycles in the region.

In the **scooter sector** the main highlight was the **excellent performance of the Vespa brand,** which boosted **worldwide sales by about 13%** from the first three months of 2017, with a particularly positive contribution from the Indian market, where sales volumes rose by more than 70%.

In the Group **motorcycle business,** important results were achieved by the **Aprilia brand,** with a **30.6% increase in sales**, and a notably positive response to the naked **Tuono** models and the **SX 50**. **Moto Guzzi** turnover was assisted by the positive sales performance of the **V7** models, with worldwide growth of approximately **18%.**

Commercial vehicles:

In **commercial vehicles,** the Piaggio Group reported strong progress, with sales of **49,200 vehicles, up 26.7%** from 38,800 in the first quarter of 2017, and **net sales of 102.2 million euro, up 13.3%** from 90.2 million euro in the year-earlier period.
The figure includes **spares and accessories**, where **sales totalled 11.9 million euro, up 6.2%** from 11.2 million euro in the first quarter of 2017.

Demand on the Indian market for **three-wheel commercial vehicles** showed strong signs of recovery; the PVPL subsidiary had an **overall market share of 20.8%** and confirmed its **leadership in the Cargo segment** with a share of **45.1%.**

In the first three months of 2018 the **PVPL production hub** also exported **6,100 commercial vehicles** worldwide. These sales arose in part in the EMEA and Americas areas and in part in the India area, in connection with responsibility for management of the individual markets.

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group company based in Boston, recently enhanced its **Advisory Board with the entry of Daniela Rus**, Director of the Computer Science and Artificial Intelligence Laboratory (MIT CSAIL) and Professor of Electrical Engineering and Computer Science (EECS) at the MIT in Boston.

Development work continued on the first innovative projects, Gita and Kilo, and the first road tests were conducted in Venice Beach, Los Angeles, 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 quarter of 2018

On 30 January, the Piaggio Group announced the strengthening of its distribution network after reaching the important milestone of 300 Motoplex stores in Europe, the Americas, Oceania, Asia and India. The Group multibrand stores flank the traditional distribution network.

On 8 February, during the Auto Expo show, the Group presented the new Aprilia SR 125 and the Aprilia Storm 125 for the Indian market, intended for a broad target in a fast-growing segment, and flanking the best-selling Aprilia SR 150 and the premium scooter offer with the Vespa brand.

On 27 February, the Advisory Board of Piaggio Fast Forward (PFF) was further enhanced with the entry of Daniela Rus, Director of the Computer Science and Artificial Intelligence Laboratory (MIT CSAIL) and Professor of Electrical Engineering and Computer Science (EECS) at the MIT in Boston.

On 26 March, the Moody's Investors Service rating agency announced that it had upgraded its Outlook for the Piaggio Group, from "stable" to "positive", and confirmed the company's B1 ratings. The following week, on 5 April, the Standard & Poor's Global Ratings agency announced its upgrade of the Piaggio Group rating from "B+" to "BB-", and confirmed its Outlook as "stable".

On 9 April, the Piaggio Group began placement of a 7-year non-convertible unsecured senior bond, which was successfully completed on 18 April. The 250 million euro issue pays annual interest of 3.625%. The proceeds of the notes will be used to refinance bonds of the same amount maturing in 2021 and will enable the Group to strengthen its debt profile by reducing the average cost of funding and significantly extending average maturity. The response of institutional investors to the issue was extremely positive, in and outside Italy, with orders for around 1.7 billion euro (almost 7 times oversubscribed).

On 10 April, the Piaggio Group launched a partnership to market the Ape in Egypt. This is part of its plan to strengthen and expand its position on the fastest-growing markets. With light commercial vehicle shipments of around 70,000 in 2017, Egypt is the world's second export market after Nigeria for three-wheel vehicles, with volumes rising 50% since 2010.

On 16 April, the Piaggio & C. S.p.A. annual general meeting appointed the Board of Directors: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Giuseppe Tesauro, Graziano Gianmichele Visentin, Maria Chiara Carrozza, Patrizia Albano, Federica Savasi and Andrea Formica. The shareholders also appointed the Board of Statutory Auditors and approved payment of a dividend of 5.5 eurocents per ordinary share.
On the same date, at a meeting held after the AGM, the Piaggio & C. S.p.A. Board of Directors named Roberto Colaninno as Chairman and Chief Executive Officer, Matteo Colaninno as Deputy Chairman and assigned strategic development powers to director Michele Colaninno.

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<u>Outlook</u>

In a general economic context reflecting a strengthening of the global economic upturn, where uncertainty nonetheless remains with regard to the speed of European growth, Piaggio Group commercial and industrial operations will focus on:

- confirming the leadership position on the European two-wheeler market, taking full advantage of the expected recovery through:
  - further strengthening of its product range;
  - maintenance of current positions on the European commercial vehicle market;
- consolidating its presence in Asia Pacific, in part through the opening of new Motoplex stores, the exploration of 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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Share buyback program

In connection with the authorisation for the purchase and disposal of own shares given by the Piaggio AGM on 16 April 2018, the Board of Directors also approved the launch of a share buyback program, which represents a useful strategic investment opportunity for the purposes allowed under law, including the purposes contemplated in art. 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, "MAR"), among which the purchase of own shares for subsequent cancellation, and in the practices allowed under art. 13 MAR.
Purchase transactions under the program will be performed in the manner and in compliance with the limits set out in the aforementioned shareholder resolution, specifically:

- up to 15,000,000 no-par Piaggio ordinary shares may be purchased, for a maximum outlay of 33,700,000 euro, thus within the legal limits (20% of share capital, pursuant to art. 2357, par 3, Italian Civil Code;
- share buybacks shall take place within the limits of distributable earnings and available reserves as reflected in the most recent financial statements (including interim financial statements) approved at the time of implementation of the transaction;
- share buybacks shall be effected on the regulated market in a manner that ensures equality of treatment of shareholders as envisaged by art. 132 of Law 58/1998, with the graduality deemed to be in the interests of the company and in accordance with current laws, adopting the procedures envisaged by art. 144-bis, paragraph 1, head b) of Consob Regulation 11971/1999, as amended, and taking into account the conditions relating to trading as per art. 3 of the Delegated Regulation (EU) 2016/1052 ("**Regulation 1052**") enacting the MAR (i) for a consideration that shall not be higher than the greater of the price of the most recent independent transaction and the price of the highest independent offer on the trading markets where the buyback is made, without prejudice to the condition that the per-share consideration shall not in any case be more than 20% below or 10% above the mean official Piaggio share price in the ten trading days before each single purchase transaction; (ii) for volumes not exceeding 25% of the average daily volume of Piaggio shares traded on the regulated market where the buyback is made, determined on the basis of the parameters as per art. 3 of Regulation 1052;
- the buyback program may be implemented, in one or more tranches, through 16 October 2019.

As of today, the company does not hold any own shares.

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Conference call with analysts

The presentation of the financial results as at and for the three months ended 31 March 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 three months ended 31 March 2018 are set out below.

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

	Q1 2018		Q1 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net Sales	312,312	1,154	309,124	54
Cost of materials	180,106	6,471	177,027	8,472
Cost of services and use of third-party assets	52,695	942	53,299	965
Employee expense	52,726		54,454	
Depreciation and impairment property, plant and equipment	11,040		11,573	
Amortisation and impairment intangible assets	17,669		18,676	
Other operating income	20,551	40	22,439	82
Other operating expense	4,131	4	5,587	3
EBIT	**14,496**		**10,947**	
Results of associates	67	67	352	352
Finance income	609		256	
Finance costs	8,025	33	9,111	33
Net exchange-rate gains/(losses)	(196)		24	
Profit before tax	**6,951**		**2,468**	
Income tax expense	2,990		987	
Profit from continuing operations	**3,961**		**1,481**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit for the period	**3,961**		**1,481**	
Attributable to:				
Equity holders of the parent	**3,961**		**1,481**	
Minority interests	**0**			
Earnings per share (in €)	**0.011**		**0.004**	
Diluted earnings per share (in €)	**0.011**		**0.004**	

Consolidated Statement of Comprehensive Income

In thousands of euro	Q1 2018	Q1 2017
Profit for the period (A)	**3,961**	**1,481**
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(833)	1,000
Total	**(833)**	**1,000**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(4,413)	2,062
Share of components of Comprehensive Income relating to equity-accounted investees	72	(58)
Total gains (losses) on cash flow hedges	215	466
Total	**(4,126)**	**2,470**
Other comprehensive income (expense) (B)*	**(4,959)**	**3,470**
Total comprehensive income (expense) for the period (A + B)	**(998)**	**4,951**

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

Attributable to:		
Equity holders of the parent	**(1,005)**	**4,955**
Minority interests	**7**	**(4)**

Consolidated Statement of Financial Position

	At 31 March 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	646,183		648,977	
Property, plant and equipment	264,241		273,013	
Investment property	11,523		11,523	
Equity investments	7,692		7,553	
Other financial assets	5,881		7,364	
Non-current tax receivables	19,728		19,913	
Deferred tax assets	60,452		58,601	
Trade receivables				
Other receivables	12,810	115	12,157	115
Total non-current assets	**1,028,510**		**1,039,101**	
Assets held for sale				
Current assets				
Trade receivables	113,064	2,760	83,995	2,150
Other receivables	27,498	10,834	26,916	10,029
Current tax receivables	19,386		11,106	
Inventories	273,109		218,622	
Other financial assets	1,874		2,321	
Cash and cash equivalents	125,213		128,067	
Total current assets	**560,144**		**471,027**	
Total Assets	**1,588,654**		**1,510,128**	

	At 31 March 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	380,271		385,296	
Share capital and reserves attributable to minority interests	(229)		(236)	
Total shareholders' equity	**380,042**		**385,060**	
Non-current liabilities				
Borrowings due after one year	509,972	2,900	446,483	2,900
Trade payables				
Other non-current provisions	9,117		9,096	
Deferred tax liabilities	2,894		3,170	
Pension funds and employee benefits	45,126		44,457	
Tax payables				
Other non-current payables	6,391	13	5,621	12
Total non-current liabilities	**573,500**		**508,827**	
Current liabilities				
Borrowings due within one year	125,736		137,780	
Trade payables	441,684	10,040	411,775	9,375
Tax payables	6,656		10,185	
Other current liabilities	50,816	7,919	46,424	7,863
Current portion of other non-current provisions	10,220		10,077	
Total current liabilities	**635,112**		**616,241**	
Total Shareholders' equity and Liabilities	**1,588,654**		**1,510,128**	

Consolidated Statement of Cash Flows

	Q1 2018		Q1 2017	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating assets				
Profit (loss) for the period	3,961		1,481	
Earnings attributable to minority interests				
Income tax expense	2,990		987	
Depreciation property, plant and equipment	11,040		11,573	
Amortisation intangible assets	17,423		18,676	
Allowances for risks, retirement funds and employee benefits	3,810		4,478	
Impairment losses / (Reversals)	584		235	
Losses / (Gains) realised on sale of property, plant and equipment	(20)		(6)	
Losses / (Gains) realised on sale of intangible assets				
Finance income	(599)		(183)	
Dividend income				
Finance costs	7,813		8,470	
Income from public grants	(432)		(957)	
Share of results of associates	(67)		(352)	
Change in working capital:				
(Increase)/Decrease in trade receivables	(28,813)	(610)	(26,671)	1,312
(Increase)/Decrease in other receivables	(1,153)	(805)	235	(924)
(Increase)/Decrease in inventories	(54,487)		(48,599)	
Increase/(Decrease) in trade payables	29,909	665	27,255	2,533
Increase/(Decrease) in other payables	5,162	57	1,328	40
Increase/(Decrease) in provisions for risks	(1,762)		(1,922)	
Increase/(Decrease) in retirement funds and employee benefits	(1,112)		(3,679)	
Other movements	(8,105)		(7,173)	
Cash generated by operating activities	**(13,858)**		**(14,824)**	
Interest expense paid	(5,293)		(6,296)	
Tax paid	(6,924)		(2,829)	
Cash flow from operating activities (A)	**(26,075)**		**(23,949)**	
Investing activities				
Investment in property, plant and equipment	(6,627)		(5,832)	
Sale price or redemption value of property, plant and equipment	42		49	
Investment in intangible assets	(15,664)		(12,437)	
Sale price or redemption value of intangible assets				
Interest collected	132		162	
Cash flow from investing activities (B)	**(22,117)**		**(18,058)**	
Financing activities				
Own share purchases				
Loans received	70,936		42,488	
Outflow for loan repayments	(21,547)		(57,564)	
Repayment of finance leases	(285)		(279)	
Cash flow from financing activities (C)	**49,104**		**(15,355)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	912		(57,362)	
Opening balance	**127,894**		**191,400**	
Exchange differences	(3,945)		560	
Closing balance	**124,861**		**134,598**	