PRESS RELEASE

PIAGGIO GROUP: FIRST QUARTER 2019[1]

In the first quarter of 2019, the Piaggio Group reported an improvement in performance from the year-earlier period, growth in all the main earnings indicators, a strong increase in Ebit and net profit, higher capital expenditure and a reduction in debt.

Consolidated net sales 346.2 million euro, up 10.8% (+10% at constant exchange rates) (312.3 €/mln in Q1 2018)

Industrial gross margin 103.9 million euro, up 7.5% (+8% at constant exchange rates) (96.7 €/mln in Q1 2018), 30% return on net sales (31% at 31.03.2018)

Ebitda 49.5 million euro, up 14.5% (+16.8% at constant exchange rates)
(47.6 €/mln ex IFRS 16) (43.2 €/mln in Q1 2018)
Ebitda margin 14.3% (13.8% in Q1 2018)

Ebit 20.7 million euro, up 42.6%
(20.5 €/mln ex IFRS 16) (14.5 €/mln in Q1 2018)
Ebit margin 6% (4.6 % in Q1 2018)

Profit before tax 14.2 million euro, up 104.9%
(14,3 €/mln ex IFRS 16) (7 €/mln in Q1 2018)

Net profit 7.8 million euro, up 97.7% (7.9 €/mln, ex IFRS 16) (4 €/mln in Q1 2018)

Net financial position ex IFRS 16, -456.1 €/mln, an improvement of 46.8 €/mln from -502.9 €/mln at 31 March 2018. NFP 31 March 2019, including IFRS 16, -476.4 €/mln, an improvement of 26.5 €/mln

140,400 vehicles shipped worldwide, up 8.2% (129,700 in Q1 2018)

Capital expenditure 29.3 million euro, up 31.4% (22.3 €/mln at 31.03.2018)

Milan, 07 May 2019 – 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 2019.

Piaggio Group business and financial performance at 31 March 2019[2]

Group **consolidated net sales** totalled **346.2 million euro**, **an improvement of 10.8%** from 312.3 million euro in the first quarter of 2018. At constant exchange rates, net sales rose by 10% from the year-earlier period.

[1] The results of operations, equity and financial figures for Q1 reflect the effects of IFRS 16 on the accounting treatment of operating leases. For the purposes of comparison with Q1 2018, which has not been restated in accordance with the new reporting standard, the related effects are highlighted in the comments on the individual items.
[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, intangible assets, and rights of use, 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.

The **industrial gross margin** was **103.9 million euro**, **up by 7.5% (+8% at constant exchange rates)** from 96.7 million euro in the first quarter of 2018. **The return on net sales was 30%** (31% in the year-earlier period).

Group **operating expense** in the first quarter was **83.3 million euro** (82.2 million euro in the first quarter of 2018).

The changes in the income statement described above generated **consolidated Ebitda of 49.5 million euro, up by 14.5% (+16.8% at constant exchange rates)** from 43.2 million euro at 31 March 2018, **the best first-quarter result since 2006 (date of the IPO).** The **Ebitda margin was 14.3%** (13.8% at 31 March 2018).
Excluding the effects of IFRS 16, Ebitda at 31 March 2019 would have been 47.6 million euro.

Ebit amounted to **20.7 million euro, an improvement of 42.6%** from 14.5 million euro in the first quarter of 2018. The **Ebit margin was 6%** (4.6% at 31/03/2018). Excluding the effects of IFRS 16, Ebit would have been 20.5 million euro.

Profit before tax in the first quarter was **14.2 million euro, an increase of 104.9%** from 7 million euro in the year-earlier period. Income tax for the three months was 6.4 million euro, with an impact on pre-tax profit of 45%. Excluding the effects of IFRS 16, first-quarter profit before tax would have been 14.3 million euro, with income tax expense of 6.5 million euro.

Piaggio Group **net profit** for the first quarter to 31 March 2019 was **7.8 million euro, an increase of 97.7%** from 4 million euro in the year-earlier period. **Excluding the effects of IFRS 16, Piaggio Group net profit at 31 March 2019 would have been 7.9 million euro, an increase of 99%** from the year-earlier period.

Excluding the negative effects of 20.3 million euro from application of IFRS 16, net financial debt was 456.1 million euro, an improvement of 46.8 million euro from 502.9 million euro at 31 March 2018. **Considering application of IFRS 16, the NFP** at 31 March 2019 was **476.4 million euro, an improvement of 26.5 million euro** from 502.9 million euro at 31 March 2018.
At 31 December 2018 net financial debt was 429.2 million euro, lower than at the end of the first quarter of 2019 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 2019 was **402.1 million euro** (392 million euro at 31 December 2018).

In the first quarter, Piaggio Group **capital expenditure amounted to 29.3 million euro, an increase of 31.4%** from 22.3 million euro in the first quarter of 2018.

Business performance in the three months to 31 March 2019

In the first three months of 2019, the **Piaggio Group sold 140,400 vehicles worldwide, an increase of 8.2%** (129,700 shipments in the year-earlier period), and reported consolidated net sales of 346.2 million euro.

During the quarter, the Group reported **growth in sales volumes in all regions,** with a particularly strong increase in **Asia Pacific on two-wheelers (+16.8%),** followed by **India (+7%) and the Emea area and the Americas (+6.7%).**

Two-wheelers:

In the first three months of 2019, the Group sold 84,600 two-wheelers worldwide, an improvement of 5% (80,600 in the first three months of 2018), generating **net sales of 226.7 million euro** (+7.9% from 210.1 million euro in the year-earlier period).
The figure **includes spares and accessories, on which turnover totalled 30.1 million euro**, an increase of 2%.

In the first quarter of 2019, the Piaggio Group reported **excellent performance in the Asia Pacific region (+16.8% volumes, +26% turnover) and the Emea region (+4.1% volumes, +5.1% turnover). In India (2 wheels), the improved product sales mix generated a 7.2% increase in turnover, despite a slight contraction in volumes.**
The Piaggio Group confirmed its leadership in the European scooter segment with a share of 23.2% and also maintained **a strong positioning on the North American scooter market, with a share of 22.6%.**

The **scooter segment** had a **very strong first quarter with double-digit growth in revenue**, driven mainly by the **Vespa** brand and excellent performance in three-wheel scooters, the **Piaggio Mp3**, the **Piaggio Beverly and the Aprilia scooters.**

The Group **motorcycle segment boosted revenue** in the first quarter, largely thanks to the performance of the **Moto Guzzi brand, which achieved a significant 24.5% sales increase, generated in particular by the excellent results of the new Moto Guzzi V85TT, the all-terrain model that has enjoyed great success since it began shipping at the end of February.**

Commercial vehicles:

In **commercial vehicles,** the Piaggio Group reported sales volumes of **55,800 vehicles, up 13.4%** from 49,200 vehicles in the first quarter of 2018, and **net sales of 119.5 million euro, up 16.9%** from 102.2 million euro in the year-earlier period. The figure includes **spares and accessories**, where **sales totalled 12.7 million euro, up 6.6%.**

Sales of **three-wheel commercial vehicles in India** continued to show **steady growth, rising 6.3% to 43,800 shipments.** The PVPL subsidiary had an **overall three-wheeler market share of 24.3%** and **confirmed its leadership in the Cargo segment** with a share of **44.8%.**

In the three months to 31 March 2019, the **PVPL production facility** exported **9,988 three-wheel vehicles** (6,155 in the year-earlier period).

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group company headquartered in Boston and active in robotics and mobility for the future, **is continuing development work on its first innovative project, Gita, which will be assembled and produced at the new facility in Charlestown.** Gita is a smart vehicle able to move autonomously in today's increasingly complex urban environments. It can accompany the user, map their surroundings, exchange data and monitor other moving objects.

Significant events in and after the first three months of 2019

Supplementing the information published above and at the time of approval of the 2018 draft financial statements (directors' meeting of 25 February 2019), this section illustrates key events in and after the first quarter of 2019.

In the first quarter, the Piaggio Group opened its first Motoplex outlet in Istanbul (press release dated
1 April), reaching the milestone of 500 stores worldwide, which flank the traditional two-wheeler distribution network of more than 3,300 dealers. In the last few months Motoplex stores have opened in Spain, Germany, Malta and Greece. In the Asia-Pacific region, new stores have opened in Taiwan, Vietnam and China. Outlets due to open imminently are a second Motoplex in New York (in Brooklyn), a store in Miami, one each in Philadelphia, Dubai, Beijing, and a flagship store in Utrecht.

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Outlook

In a context in which the Piaggio Group is strengthening its position on the global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market, taking full advantage of the expected recovery by further strengthening its scooter and motorcycle range;
- maintaining its current positions on the European commercial vehicles market by strengthening the sales network;
- 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 and Aprilia offers;
- growing the penetration of commercial vehicles in India, in part through the introduction of new engine displacements.

From the technological viewpoint, the Piaggio Group will continue research on new solutions to current and future mobility problems, through the work of Piaggio Fast Forward (Boston) and new advances in design at the PADc (Piaggio Advanced Design center) in Pasadena.

At a more general level, the Group maintains its commitment – a characteristic of recent years and continuing in 2019 – 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 12 April 2019, 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 12 October 2020.

As of today, the company holds 873,818 own shares.

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Call of Extraordinary Shareholders' Meeting

The Board of Directors also decided to call an Extraordinary Shareholders' Meeting by 30 June 2019 to deliberate a number of proposed amendments to articles 5, 7, 8, 12 and 27 of the articles of association as set out in the directors' report, which will be made available as required under current law after the publication of the notice of call.

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Conference call with analysts

The presentation of the financial results as at and for the quarter ended 31 March 2019, 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 2019 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 (Consolidated Finance Act), 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 2018 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, nor have the accounting schedules attached hereto.

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.

For further information:

Piaggio Group Corporate Press Office
Director Diego Rancati
Via Broletto, 13 - 20121 Milan – Italy
+39 02.319612.19/.67
diego.rancati@piaggio.com
giulia.amendola@piaggio.com

Image Building
Via Privata Maria Teresa, 11 - 20123 Milan - Italy
+39 02 89011300
piaggio@imagebuilding.it

Piaggio Group Investor Relations
Director Raffaele Lupotto
Viale Rinaldo Piaggio, 25
56025 Pontedera (PI) – Italy
+39.0587.272286
investorrelations@piaggio.com
piaggiogroup.com

SCHEDULES

Consolidated Income Statement

	Q1 2019		Q1 2018	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net Sales	346,190	32	312,312	1,154
Cost of materials	(208,561)	(4,093)	(180,106)	(6,471)
Cost of services and use of third-party assets	(53,650)	(569)	(52,695)	(942)
Employee expense	(56,141)		(52,726)	
Depreciation and impairment property, plant and equipment	(9,967)		(11,040)	
Amortisation and impairment intangible assets	(17,114)		(17,669)	
Amortisation rights of use	(1,715)	(368)		
Other operating income	26,533	58	20,551	40
Impairment losses net of trade and other receivables	(449)		(343)	
Other operating expense	(4,457)	(3)	(3,788)	(4)
EBIT	**20,669**		**14,496**	
Results of associates	18	18	67	67
Finance income	952	7	609	
Finance costs	(7,091)	(43)	(8,025)	(33)
Net exchange-rate gains/(losses)	(305)		(196)	
Profit before tax	**14,243**		**6,951**	
Income tax expense	(6,409)		(2,990)	
Profit from continuing operations	**7,834**		**3,961**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	**7,834**		**3,961**	
Attributable to:				
Equity holders of the parent	**7,834**		**3,961**	
Minority interests	**0**		**0**	
Earnings per share (in €)	**0.022**		**0.011**	
Diluted earnings per share (in €)	**0.022**		**0.011**	

Note: The effects arising from adoption of the IFRS 16 accounting principle are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2019”.

Consolidated Statement of Comprehensive Income

In thousands of euro	Q1 2019	Q1 2018
Profit (loss) for the period (A)	**7,834**	**3,961**
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(1,351)	(833)
Total	**(1,351)**	**(833)**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	3,236	(4,413)
Share of components of Comprehensive Income relating to equity-accounted investees	432	72
Total gains (losses) on cash flow hedges	109	215
Total	**3,777**	**(4,126)**
Other comprehensive income (expense) (B)*	**2,426**	**(4,959)**
Total comprehensive income (expense) for the period (A + B)	**10,260**	**(998)**

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

Attributable to:		
Equity holders of the parent	**10,263**	**(1,005)**
Minority interests	**(3)**	**7**

Consolidated Statement of Financial Position

	At 31 March 2019		At 31 December 2018	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
ASSETS				
Non-current assets				
Intangible assets	662,685		658,888	
Property, plant and equipment	267,256		266,198	
Rights of use	27,649			
Investment property	10,269		10,269	
Equity investments	8,383		7,934	
Other financial assets	6,666		6,029	
Non-current tax receivables	17,344		17,399	
Deferred tax assets	59,886		59,250	
Trade receivables				
Other receivables	10,689	94	16,625	94
Total non-current assets	**1,070,827**		**1,042,592**	
Assets held for sale				
Current assets				
Trade receivables	121,129	1,106	86,557	1,264
Other receivables	31,932	15,136	33,507	15,262
Current tax receivables	13,818		7,368	
Inventories	264,646		224,108	
Other financial assets	3,103		2,805	
Cash and cash equivalents	181,420		188,740	
Total current assets	**616,048**		**543,085**	
Total Assets	**1,686,875**		**1,585,677**	

Note: The effects arising from adoption of the IFRS 16 accounting principle are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2019

	At 31 March 2019		At 31 December 2018	
	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	402,278		392,163	
Share capital and reserves attributable to minority interests	(214)		(211)	
Total shareholders' equity	**402,064**		**391,952**	
Non-current liabilities				
Financial liabilities > 12 months	508,315		512,498	
Operating leases > 12 months	14,141	4,071		
Trade payables				
Other non-current provisions	9,312		9,504	
Deferred tax liabilities	2,910		2,806	
Pension funds and employee benefits	42,899		41,306	
Tax payables				
Other non-current payables	6,066		5,939	
Total non-current liabilities	**583,643**		**572,053**	
Current liabilities				
Financial liabilities < 12 months	138,285		113,502	
Operating leases < 12 months	6,129	1,390		
Trade payables	484,113	6,615	432,722	8,402
Tax payables	11,612		14,635	
Other current liabilities	47,844	6,259	48,220	6,725
Current portion of other non-current provisions	13,185		12,593	
Total current liabilities	**701,168**		**621,672**	
Total Shareholders’ equity and Liabilities	**1,686,875**		**1,585,677**	

Note: The effects arising from adoption of the IFRS 16 accounting principle are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2019

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.

	Q1 2019		Q1 2018	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating assets				
Profit (loss) for the period	7,834		3,961	
Earnings attributable to minority interests	0		0	
Income tax expense	6,409		2,990	
Depreciation property, plant and equipment	9,967		11,040	
Amortisation intangible assets	16,974		17,423	
Amortisation rights of use	1,715		0	
Allowances for risks, retirement funds and employee benefits	4,380		3,810	
Impairment losses / (Reversals)	589		584	
Losses / (Gains) realised on sale of property, plant and equipment	7		(20)	
Finance income	(952)		(599)	
Finance costs	7,091		7,813	
Income from public grants	(625)		(432)	
Share of results of associates	(18)		(67)	
Change in working capital:				
(Increase)/Decrease in trade receivables	(34,170)	158	(28,813)	(610)
(Increase)/Decrease in other receivables	86	126	(1,153)	(805)
(Increase)/Decrease in inventories	(40,538)		(54,487)	
Increase/(Decrease) in trade payables	51,391	(1,787)	29,909	665
Increase/(Decrease) in other payables	(249)	(466)	5,162	57
Increase/(Decrease) in provisions for risks	(2,545)		(1,762)	
Increase/(Decrease) in retirement funds and employee benefits	(1,967)		(1,112)	
Other movements	(9,904)		(8,105)	
Cash generated by operating activities	**15,475**		**(13,858)**	
Interest expense paid	(4,109)		(5,293)	
Tax paid	(11,031)		(6,924)	
Cash flow from operating activities (A)	**335**		**(26,075)**	
Investing activities				
Investment in property, plant and equipment	(9,036)		(6,627)	
Sale price or redemption value of property, plant and equipment	2		42	
Investment in intangible assets	(20,255)		(15,664)	
Sale price or redemption value of intangible assets	6		0	
Public grants collected	581		0	
Interest collected	216		132	
Cash flow from investing activities (B)	**(28,486)**		**(22,117)**	
Financing activities				
Own share purchases	(148)		0	
Loans received	55,130		70,936	
Outflow for loan repayments	(35,111)		(21,547)	
Repayment of operating leases	(1,792)		0	
Repayment of finance leases	(391)		(285)	
Cash flow from financing activities (C)	**17,688**		**49,104**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	(10,463)		912	
Opening balance	**188,386**		**127,894**	
Exchange differences	3,490		(3,945)	
Closing balance	**181,413**		**124,861**	