PRESS RELEASE

PIAGGIO GROUP: RESULTS AT 30 September 2019[1]

At 30 September 2019, the Piaggio Group reported a significant improvement in performance from the year-earlier period, with progress on all the main earnings indicators, an increase in net profit, higher capital expenditure and a reduction in debt.

Consolidated net sales 1,200.5 million euro, up 9.8% (1,093.7 €/mln at 30 September 2018)

Industrial gross margin 363.7 million euro, up 8.8%
(334.4 €/mln at 30 September 2018), **30.3% return on net sales**

Ebitda 188.8 million euro, up 13.8% (183.2 €/mln ex IFRS 16)
(166 €/mln at 30 September 2018). **Ebitda margin 15.7%** (15.2% at 30 September 2018)

Ebit 99.5 million euro, up 17.2% (99.1 €/mln ex IFRS 16)
(84.9 €/mln at 30 September 2018). **Ebit margin 8.3%** (7.8% at 30 September 2018)

Profit before tax 81.5 million euro, up 23.3%
(66.1 €/mln at 30 September 2018)

Net profit 46 million euro, up 26.7% (36.3 €/mln at 30 September 2018)

Adjusted net financial position[2] **-366.5 €/mln, an improvement of 38.6 €/mln from -405.1 €/mln at 30.09.2018 and 62.7 €/mln from -429,2 €/mln at 31.12.2018**

479,200 vehicles shipped worldwide, up by 2.1% (469,400 at 30 September 2018)

Capital expenditure 91.6 million euro, up 26.7% (72.2 €/mln at 30 September 2018)

Pontedera, 30 October 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 nine months to 30 September 2019.

Piaggio Group business and financial performance at 30 September 2019[3]

Group **consolidated net sales** totalled **1,200.5 million euro**, **an improvement of 9.8%** from 1,093.7 million euro in the first nine months to 30 September 2018 (+8.2% at constant exchange

[1] The results of operations, equity and financial figures for the year to 30 September 2019 reflect the effects of IFRS 16 on the accounting treatment of operating leases. For the purposes of comparison with the year-earlier period, 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] Adjusted net financial position: Net financial position at 30 September 2019 net of 19 €/mln due to the effect of application of IFRS 16 as from 1 January 2019 and net of 19.6 €/mln as a result of a change in the dividend distribution policy introduced in July 2019.

[3] 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.

rates).

The **industrial gross margin** was **363.7 million euro**, **up by 8.8%** (7.8% at constant exchange rates) from 334.4 million euro in the first nine months of 2018. **The return on net sales was 30.3%** (30.6% in the year-earlier period).

The changes in the income statement described above generated **consolidated Ebitda of 188.8 million euro, up by 13.8%** (+13.2% at constant exchange rates) from 166 million euro in the year-earlier period.
The **Ebitda margin was 15.7%, the highest result for the first nine months since 2006 (IPO date)** (15.2% at 30 September 2018).
Excluding the effects of IFRS 16, Ebitda at 30 September would have been 183.2 million euro, with a return on net sales of 15.3% (in this case too, the Ebitda margin for the first nine months would have been the highest since 2006).

Ebit amounted to **99.5 million euro, an improvement of 17.2%** from 84.9 million euro in the first nine months of 2018. The **Ebit margin was 8.3%** (7.8% at 30 September 2018). Excluding the effects of IFRS 16, Ebit would have been 99.1 million euro.

Profit before tax in the first nine months was **81.5 million euro, an increase of 23.3%** from 66.1 million euro in the year-earlier period. Income tax for the period was 35.4 million euro, with an impact on pre-tax profit of 43.5%.

Piaggio Group **net profit** for the first nine months to 30 September 2019 was **46 million euro, an increase of 26.7%** from 36.3 million euro in the year-earlier period.

Net debt at 30 September 2019 was 405.1 million euro, in line with the position at 30 September 2018 and an improvement of 24.1 million euro from 429.2 million euro at 31 December 2018, despite the negative effect of 19 million euro arising from the application of IFRS 16, and the additional negative effect of 19.6 million euro arising from the change to the dividend policy introduced in July 2019.
Excluding these effects, adjusted net debt was 366.5 million euro, an improvement of 38.6 million euro from 30 September 2018 and an improvement of 62.7 million euro from 31 December 2018.

In the first nine months, Piaggio Group **capital expenditure amounted to 91.6 million euro, an increase of 26.7%** from 72.2 million euro in the year-earlier period.

<u>Business performance in the nine months to 30 September 2019</u>

In the first nine months, the **Piaggio Group sold 479,200 vehicles worldwide, an increase of 2.1%** (469,400 shipments in the year-earlier period), and reported consolidated net sales of 1,200.5 million euro.

During the period, the Group recorded a significant increase in sales volumes, especially in **two-wheelers in the Asia Pacific area (+18.7%), followed by the EMEA and Americas area (+4%);** volumes in **India** fell slightly (-4,6%), largely due to the general slowdown in consumer spending in the sub-continent.

Two-wheelers:

In the first nine months of 2019, the Group sold 321,900 two-wheelers worldwide, an increase of 3.1% (312,200 in the first nine months of 2018), generating **net sales of 854.1 million euro (+10.6%** from 772.3 million euro in the year-earlier period).

The figure **includes spares and accessories, on which turnover totalled 102.1 million euro, an increase of 4.4%.**

At 30 September 2019 the Piaggio Group reported **excellent performance in the Asia Pacific area (+18.7% sales volumes, +27.5% net sales) and positive performance in the EMEA and Americas area (+2.5% sales volumes, +8% net sales),** whereas there was a slowdown on the Indian market. **In Europe the Piaggio Group confirmed its leadership of the scooter segment, with a share of 24.3%; on the North American scooter market it maintained a strong position, with a share of 22.9%.**

Performance in the **scooter segment** was **very strong with 9% growth in net sales**, driven mainly by the **Vespa** brand and excellent performance for the **Piaggio Mp3** three-wheel scooter, the **Piaggio Liberty and the Aprilia scooters**.

The Group **motorcycle business** closed the first nine months of 2019 with a **rise of more than 23% in net sales,** largely thanks to the **Moto Guzzi brand, where turnover was given an important boost by the new Moto Guzzi V85TT. The sales performance of the Aprilia brand was also positive, mainly as a result of purchases of the supersport RSV4 models.**

Commercial vehicles:

In **commercial vehicles,** the Piaggio Group reported sales volumes of **157,400 vehicles, in line with the year-earlier period** (157,200 at 30 September 2018), for **net sales of 346.4 million euro, up 7.8%** from 321.4 million euro in the first nine months of 2018. The figure includes **spares and accessories**, where **sales totalled 38.4 million euro, up 7.5%**.

At geographical level, the strongest growth was reported in the **EMEA and Americas area (+27.8% volumes; +16.1% turnover)**. In **India,** the Piaggio Group sold **142,500 commercial vehicles,** for a turnover increase of 5.6% despite a slight contraction in sales volumes (-2.1%). The **PVPL** subsidiary had an **overall share of 23.8% of the Indian three-wheeler market and confirmed its leadership in the Cargo segment** with a share of **42.9%.**

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group robotics and future mobility company based in Boston, presented **Gita, its first innovative project**, to the US media. **Gita is a unique follow-me robot carrier, with a payload of 20 kg, designed to follow the user indoors and outdoors, at a top speed of 10 kg/hour and with a 4-hour battery life.**
Large-scale production of Gita is scheduled to begin in the second half of November, at the new Piaggio Fast Forward facility in the Charlestown district of Boston.
Marketing will begin with an **initial phase on the US market**, where the circulation of robots on city streets is already regulated.

<u>Significant events in and after the first nine months of 2019</u>

Supplementing the information published above or at the time of approval of the 2019 first-half results (directors' meeting of 26 July 2019), this section illustrates key events in and after the first nine months of 2019.

On 27 August (as announced on that date), the Piaggio Group was notified of a judgement of first instance, on a suit presented by a supplier in 2009 (details of which are provided in the annual and half-year reports). The company has filed an appeal against the ruling of the Court of Pisa, which it believes to be vitiated on several grounds.

On 6 September, Vespa signed an agreement with designer Sean Wotherspoon, a rising star in youth fashion in the USA, to create a special limited Vespa Primavera edition, comprising a helmet and an exclusive streetwear capsule collection. The agreement is the first of a series of collaborations starting soon that will bring Vespa and the other Group brands like Moto Guzzi and Aprilia into closer contact with the world of design and fashion, where they naturally belong.

On 1 October, Alessandra Simonotto, the Piaggio Group head of Administration & Reporting as well as the manager in charge of preparing the Company Accounts and documents, took over the role of Group CFO.

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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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Conference call with analysts

The presentation of the financial results as at and for the first nine months to 30 September 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 nine months to 30 September 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 in the ESMA/2015/1415 guidance of 5 October 2015, 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.

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SCHEDULES

Consolidated Income Statement

	First nine months 2019		First nine months 2018	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net Sales	**1,200,453**	**111**	**1,093,740**	**2,663**
Cost of materials	(729,290)	(12,612)	(653,919)	(17,451)
Cost of services and use of third-party assets	(182,306)	(1,744)	(170,978)	(2,828)
Employee expense	(173,075)		(165,937)	
Depreciation and impairment property, plant and equipment	(30,383)		(30,008)	
Amortisation and impairment intangible assets	(53,704)		(51,031)	
Amortisation rights of use	(5,172)		0	
Other operating income	90,021	294	78,744	203
Impairment reversals (losses) net of trade and other receivables	(1,197)		(1,492)	
Other operating expense	(15,798)	(16)	(14,194)	(94)
EBIT	**99,549**		**84,925**	
Results of associates	735	624	765	757
Finance income	2,577	19	6,770	17
Finance costs	(21,155)	(128)	(26,531)	(82)
Net exchange-rate gains/(losses)	(223)		160	
Profit before tax	**81,483**		**66,089**	
Income tax expense	(35,445)		(29,740)	
Profit from continuing operations	**46,038**		**36,349**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	**46,038**		**36,349**	
Attributable to:				
Equity holders of the parent	**46,038**		**36,349**	
Minority interests	**0**			
Earnings per share (in €)	**0.129**		**0.102**	
Diluted earnings per share (in €)	**0.129**		**0.102**	

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	First nine months 2019	First nine months 2018
Profit (loss) for the period (A)	**46,038**	**36,349**
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(2,980)	(1,114)
Total	**(2,980)**	**(1,114)**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	3,951	(8,681)
Share of components of Comprehensive Income relating to equity-accounted investees	117	(208)
Total gains (losses) on cash flow hedges	92	139
Total	**4,160**	**(8,750)**
Other comprehensive income (expense) (B)*	**1,180**	**(9,864)**
Total comprehensive income (expense) for the period (A + B)	**47,218**	**26,485**

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

Attributable to:		
Equity holders of the parent	**47,214**	**26,450**
Minority interests	**4**	**35**

Consolidated Statement of Financial Position

	At 30 September 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	667,642		658,888	
Property, plant and equipment	269,272		266,198	
Rights of use	25,562			
Investment property	9,275		10,269	
Equity investments	8,658		7,934	
Other financial assets	3,923		6,029	
Non-current tax receivables	17,156		17,399	
Deferred tax assets	61,053		59,250	
Trade receivables				
Other receivables	13,338	94	16,625	94
Total non-current assets	**1,075,879**		**1,042,592**	
Assets held for sale				
Current assets				
Trade receivables	126,095	974	86,557	1,264
Other receivables	28,949	14,752	33,507	15,262
Current tax receivables	21,268		7,368	
Inventories	225,327		224,108	
Other financial assets	3,880		2,805	
Cash and cash equivalents	212,472		188,740	
Total current assets	**617,991**		**543,085**	
Total Assets	**1,693,870**		**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 30 September 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	387,360		392,163	
Share capital and reserves attributable to minority interests	(207)		(211)	
Total shareholders' equity	**387,153**		**391,952**	
Non-current liabilities				
Financial liabilities > 12 months	479,650		512,498	
Operating leases > 12 months	12,349	3,427		
Trade payables				
Other non-current provisions	10,928		9,504	
Deferred tax liabilities	12,636		2,806	
Pension funds and employee benefits	43,144		41,306	
Tax payables				
Other non-current payables	6,574		5,939	
Total non-current liabilities	**565,281**		**572,053**	
Current liabilities				
Financial liabilities < 12 months	125,705		113,502	
Operating leases < 12 months	6,692	1,357		
Trade payables	520,192	7,995	432,722	8,402
Tax payables	16,370		14,635	
Other current liabilities	57,115	6,286	48,220	6,725
Current portion of other non-current provisions	15,362		12,593	
Total current liabilities	**741,436**		**621,672**	
Total Shareholders' equity and Liabilities	**1,693,870**		**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.

	First nine months 2019		First nine months 2018	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating assets				
Profit (loss) for the period	46,038		36,349	
Earnings attributable to minority interests	0		0	
Income tax expense	35,445		29,740	
Depreciation property, plant and equipment	30,383		30,008	
Amortisation of intangible assets	53,420		50,438	
Amortisation rights of use	5,172		0	
Allowances for risks, retirement funds and employee benefits	14,466		13,677	
Impairment losses / (Reversals)	2,379		2,316	
Losses / (Gains) realised on sale of property, plant and equipment	(38)		(75)	
Finance income	(2,577)		(6,770)	
Dividend income	(111)		(8)	
Finance costs	21,155		26,531	
Income from public grants	(3,545)		(1,495)	
Share of results of associates	(624)		(757)	
Change in working capital:				
(Increase)/Decrease in trade receivables	(40,520)	290	(36,887)	485
(Increase)/Decrease in other receivables	23	510	1,359	(407)
(Increase)/Decrease in inventories	(1,219)		(23,300)	
Increase/(Decrease) in trade payables	87,470	(407)	64,487	2,220
Increase/(Decrease) in other payables	9,530	(439)	5,294	(1,047)
Increase/(Decrease) in provisions for risks	(6,586)		(6,616)	
Increase/(Decrease) in retirement funds and employee benefits	(7,700)		(7,611)	
Other movements	(16,984)		2,064	
Cash generated by operating activities	**225,577**		**178,744**	
Interest expense paid	(17,336)		(22,587)	
Tax paid	(23,020)		(19,812)	
Cash flow from operating activities (A)	**185,221**		**136,345**	
Investing activities				
Investment in property, plant and equipment	(30,122)		(20,942)	
Sale price or redemption value of property, plant and equipment	85		745	
Investment in intangible assets	(61,434)		(51,298)	
Sale price or redemption value of intangible assets	41		65	
Public grants collected	2,114		0	
Dividends collected	111		0	
Interest collected	515		286	
Cash flow from investing activities (B)	**(88,690)**		**(71,144)**	
Financing activities				
Own share purchases	(212)		(1,272)	
Outflow for dividends paid	(51,805)		(19,698)	
Loans received	40,055		283,889	
Outflow for loan repayments	(61,757)		(253,664)	
Reimbursement financial liabilities rights of use	(4,005)		0	
Repayment of finance leases	(955)		(858)	
Cash flow from financing activities (C)	**(78,679)**		**8,397**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	17,852		73,598	
Opening balance	**188,386**		**127,894**	
Exchange differences	5,803		(3,999)	
Closing balance	**212,041**		**197,493**	