

PRESS RELEASE

**PIAGGIO GROUP: RESULTS AT 30 September 2017**

**Consolidated net sales 1,057.3 million euro, up 2.5% (1,031.7 €/mln in at 30.09.2016)**

**Ebitda at 159 million euro, up 12.4% (141.5 €/mln at 30.09.2016)  
Ebitda margin 15% (13.7% at 30.09.2016)**

**Industrial gross margin 327.1 million euro, up 5.6%  
(309.9 €/mln at 30.09.2016), 30.9% of turnover (30% at 30.09.2016)**

**Ebit 69.1 million euro, up 14.3% (60.5 €/mln at 30.09.2016)  
Ebit margin 6.5% (5.9 % at 30.09.2016)**

**Profit before tax 44.1 million euro, up 31.2% (33.6 €/mln at 30.09.2016)**

**Net profit 25.1 million euro, up 31.2% (19.2 €/mln at 30.09.2016)**

**Cash generation of 60.2 million euros (28.6 million euros at 30.09.2016)**

**Net financial position -430.7 million euro  
an improvement of 60.2 €/mln from -491 €/mln at 31.12.2016 and  
an improvement of 38.8 €/mln from -469.5 €/mln at 30.09.2016**

**426,700 vehicles sold worldwide (411,700 at 30.09.2016)**

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**The Piaggio Group reconfirms its leadership on the European two-wheeler market with a 15.2% overall share. At an international level, sales increased for Vespa (+11.4%) and high wheel segment (+6.4%)**

**Commercial Vehicles: leadership in the freight transport segment (cargo) affirmed**

**Piaggio Fast Forward: Gita and Kilo development activities continue**

*Mantua, 27 October 2017* - The Board of Directors of Piaggio & C. S.p.A. (PIA.MI), at a meeting today chaired by Roberto Colaninno, examined and approved the interim report on operations at 30 September 2017.

***Piaggio Group business and financial performance at 30 September 2017<sup>1</sup>***

**Compared to the corresponding period of 2016, at 30 September 2017 the Piaggio Group saw a net improvement in performance and a reduction in debt.**

**Consolidated net sales of the group totalled 1,057.3 million euro, an improvement of 2.5% from 1,031.7 million euro at 30 September 2016.**

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<sup>1</sup> 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.

The **industrial gross margin** at 30 September 2017 was **327.1 million euro, up by 5.6%** from 309.9 million euro at 30 September 2016. **The return on net sales was 30.9% (30% at 30 September 2016).**

**Operating expenses** sustained by the Group at 30 September 2017 amounted to **258 million euro, up (3.4%)** with respect to data from the corresponding period in 2016, due to the rise in amortisations. **Net of amortisations, operating expenses at 30 September 2017 saw a reduction of 0.4%** with respect to 30 September 2016.

The changes in the income statement described above generated **consolidated EBITDA of 159 million euro, up 12.4%** with respect to 141.5 million euro at 30 September 2016. The **EBITDA margin** was 15% (13.7% at 30 September 2016).

**EBIT** at 30 September 2017 was **69.1 million euro**, an increase of 14.3% (60.5 million euro at 30 September 2016). The **EBIT margin** was **6.5%** (5.9% at 30 September 2016).

At 30 September 2017, the Piaggio Group posted a **pre-tax profit of 44.1 million euro, up 31.2%** compared to 33.6 million euro at 30 September 2016. Income tax for the period was 19 million euro, with an impact on pre-tax profit of 43%.

The **Piaggio Group** made a **net profit of 25.1 million euro at 30 September 2017, an increase of 31.2%** compared with 19.2 million euro at 30 September 2016.

**Cash generated** at 30 September 2017 was **60.2 million euro** (28.6 million euro at 30 September 2016).

**Net financial debt** at 30 September 2017 stood at **430.7 million euro, an improvement of 60.2 million euro** from 491 million euro at 31 December 2016 and of 38.8 million euro from 469.5 million euro at 30 September 2016.

In the first nine months of 2017, the Piaggio Group made **investments of 55.6 million euro** (65.7 million euro at 30 September 2016), of which **35.2 million euro were for R&D costs** (35.5 million euro at 30 September 2016) and approximately 20.4 million euro for property, plants and equipment, investment property and intangible assets (approximately 30.2 million euro in the first nine months of 2016).

**The total workforce** of the Piaggio Group at 30 September 2017 numbered **6,940 employees**. The Group's Italian employees numbered 3,492, substantially unchanged from the year-earlier period.

### **Business performance in the first half to 30 September 2017**

In the first nine months of 2017, **the Piaggio Group sold 426,700 vehicles worldwide, up by 3.7%** (411,700 units sold at 30 September 2016), and generated consolidated revenues of 1,057.3 million euros, up 2.5%.

At the level of **geographical areas**, the Group saw **growth in revenues in EMEA and the Americas of +3.7%**, and **in India of +2.1%** (-0.9% at constant exchange rates), a market that had experienced drops in previous months mainly caused by the demonetization policy of the Indian government as well as the reform of the *Goods and Services Tax* (GST). These increases more than offset the downturn recorded in **Asia Pacific** (-2.6%, -1.7% at constant exchange rates).

### ***Two-wheelers:***

At 30 September 2017, the Group sold **299,400 two-wheelers** worldwide, up 12.4% (266,400 at 30 September 2016), generating **net sales of 771.8 million euro, an improvement of 5.7%** (730 million euro at 30 September 2016).

The figure **includes spares and accessories, on which turnover totalled 101.3 million euro**, an increase of 4% from the first nine months of 2016.

At 30 September 2017, **the Piaggio Group** maintained leadership in Europe with a **total market share of 15.2%, up 25.4%, in sole reference to the scooter sector**. The Group maintained a particularly strong presence on the North American scooter market, with a share of 20%; it is also committed to strengthening its position in motorcycles in North America. On the Indian two-wheeler market, the Group more than doubled its sales volumes from the year-earlier period, thanks to the introduction of the new Aprilia SR 150 scooter and the excellent performance of Vespa. Analysing performance in Asia Pacific, Vietnam reported a decline in scooter sales volumes, while the Group expanded its offer in Thailand through its recent entry on to the motorcycle market with the introduction of the Aprilia and Moto Guzzi brands, flanking the already well-established scooter offer with the Vespa and Piaggio brands.

Highlights in the **scooter sector** included the **excellent results of the Vespa brand**, which boosted **worldwide sales by 11.4%** with respect to the first nine months of the last year, and strengthened its presence on the **EMEA market**, with net sales growth of **16.5%**, and in **India**, where it saw growth in revenue of **31.3%**. As also regards the Indian market, the Vespa brand has recently been enhanced with a new version, the new **(VESPA)<sup>RED</sup> VXL model**.

Performance was also positive in high-wheel scooters (growth in volume of 6.4%), where the Group reported **revenue growth** at global level, largely thanks to the new **Liberty** and to the **Beverly**.

In the scooter sector, the Aprilia brand also saw positive results, especially on the Indian market thanks to the **Aprilia SR 150 sports scooter**.

**The motorcycle sector of the Group also made great strides**. The **Aprilia brand** saw an **increase in sales**, in particular generated by the naked of the **Tuono** family, the new **Aprilia Shiver 900 and Dorsoduro 900** (launched in June 2017), and the new **125cc, RS and Tuono**, launched in April.

The revenue of **Moto Guzzi** was particularly driven by the positive sales trend of the **V7**, whose fiftieth anniversary this year has been marked with an ad hoc model.

#### **Commercial vehicles:**

In the **commercial vehicles** sector, the Group sold **127,300 vehicles** (145,300 units in the first nine months of 2016) for **net revenues of 285.5 million euro** (301.7 million euro at 30 September 2016).

The figure includes **spares and accessories**, where **sales totalled 34 million euro** (33.1 million euro at 30 September 2016).

While demand on the Indian market for **three-wheel commercial vehicles** is still falling as compared to the previous year - but with an upward trend, the PVPL subsidiary had an **overall share of three-wheel vehicles of 28.7%** (28.3% at 30 September 2016) and confirmed its **leadership in the cargo segment** with a share of **49.4%**.

In the first nine months of 2017, the **PVPL production hub** also exported **14,600 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:**

With regard to **Piaggio Fast Forward (PFF)**, the Piaggio Group company based in Boston, which represents the research centre of the Group as regards future mobility, **development continues on the first innovative projects, Gita and Kilo**, presented in Boston on 2 February. They are intelligent vehicles that can move autonomously, designed to improve mobility productivity in increasingly complex urban developments, with a *payload* of up to 100 kilograms and an autonomy of 20 kilometres on urban roads. They accompany the user, map their surroundings and monitor other moving objects.

### Significant events for the period and after 30 September 2017

In addition to that stated herein and communicated during the approval of the results for the first half of 2017 (Board of Directors of 28 July 2017), the main events of the period or subsequent periods are listed below.

On 4 September, Piaggio Fast Forward was added to the *Top 100 Most Innovative and Disruptive Construction Companies* in the Robotics category thanks to "*the strong technological boost of Gita*".

On 19 September, Piaggio & C. S.p.A. and Foton Motor Group signed an important preliminary agreement in Beijing for the strategic development of a new range of four-wheel light commercial vehicles. Following this agreement, a team composed of representatives of both parties are working to validate the production and marketing plan and prepare the contractual documentation with the objective - if the aforementioned activities prove successful - of finalising the technical documentation of the project and the related contracts by spring 2018.

On 2 October, PFF was the only Italian company present at the World Frontiers Forum, the annual event that brings large international groups and companies together with the academic world and cultural institutions, all of which are characterised by a pioneering vision and products that can improve the future of the world. The WFF was held in Cambridge and at Harvard University.

On 4 October, Piaggio was selected by Borsa Italiana along with 21 other listed companies for the Italian Listed Brands showcase. Based on this list, a new dedicated index will be created by FTSE Russell in coverage of the Italian market. The selection was made by Borsa Italiana on the basis of creativity, excellence, innovation and global appeal.

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### **Outlook**

In a general economic context likely to see a strengthening of the global economic upturn, where uncertainty will nonetheless remain with regard to the speed of European growth and the risk of a slowdown in some Asian countries in the Far East, 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 success of the new Aprilia SR 150;
- growing the penetration of commercial vehicles in India and related sales in the emerging countries, aiming for further growth in exports to Africa and South America.

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 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 2017 - 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 September 2017, which will be illustrated during a conference call with financial analysts, is available on the corporate website at [www.piaggiogroup.com/it/investor](http://www.piaggiogroup.com/it/investor).

\* \* \*

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 September 2017 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 report and financial statements at 31 December 2016 and 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

It should be noted that, with respect to the overall Income Statement and Cash Flow values for the first nine months of 2016, as published last year and used as a comparison, a reclassification took place with certain item lines in order to make them more comparable with the data of the first nine months of 2017.

	<u>First nine months 2017</u>		<u>First nine months 2016</u>	
	<u>Total</u>	<u>of which related parties</u>	<u>Total</u>	<u>of which related parties</u>
<i>In thousands of euro</i>				
Net Sales	1,057,292	1,503	1,031,723	739
Cost of materials	619,228	21,776	610,365	20,011
Cost of services and use of third-party assets	174,946	2,919	178,067	2,919
Employee expense	164,631		161,914	
Depreciation and impairment property, plant and equipment	33,798		33,484	
Amortisation and impairment intangible assets	56,111		47,551	
Other operating income	77,341	306	74,172	665
Other operating expense	16,797	9	14,025	21
<b>EBIT</b>	<b>69,122</b>		<b>60,489</b>	
Results of associates	789	778	487	480
Finance income	668		733	
Finance costs	27,048	100	27,853	100
Net exchange-rate gains/(losses)	567		(246)	
<b>Profit before tax</b>	<b>44,098</b>		<b>33,610</b>	
Income tax expense	18,963		14,453	
<b>Profit from continuing operations</b>	<b>25,135</b>		<b>19,157</b>	
Discontinued operations:				
Profit or loss from discontinued operations				
<b>Profit (loss) for the period</b>	<b>25,135</b>		<b>19,157</b>	
Attributable to:				
Equity holders of the parent	25,135		19,157	
Minority interests	0		0	
Earnings per share (in €)	0.070		0.053	
Diluted earnings per share (in €)	0.070		0.053	

## Consolidated Statement of Comprehensive Income

<i>In thousands of euro</i>	First nine months 2017	First nine months 2016
<b>Profit (loss) for the period (A)</b>	<b>25,135</b>	<b>19,157</b>
<b>Items that cannot be reclassified to profit or loss</b>		
Re-measurement of defined benefit plans	1,425	(4,341)
<b>Total</b>	<b>1,425</b>	<b>(4,341)</b>
<b>Items that may be reclassified to profit or loss</b>		
Gains (losses) on translation of financial statements of foreign entities	(10,122)	(1,966)
Share of components of Comprehensive Income relating to equity-accounted investees	(658)	(491)
<b>Total gains (losses) on cash flow hedges</b>	<b>(23)</b>	<b>31</b>
<b>Total</b>	<b>(10,803)</b>	<b>(2,426)</b>
<b>Other comprehensive income (expense) (B)*</b>	<b>(9,378)</b>	<b>(6,767)</b>
<b>Total comprehensive income (expense) for the period (A + B)</b>	<b>15,757</b>	<b>12,390</b>
* Other comprehensive income (expense) taking related tax effects into account		
<b>Attributable to:</b>		
<b>Equity holders of the parent</b>	<b>15,730</b>	<b>12,437</b>
<b>Minority interests</b>	<b>27</b>	<b>(47)</b>

## Consolidated Statement of Financial Position

	<u>At 30 September 2017</u>		<u>At 31 December 2016</u>	
	<b>Total</b>	<i>of which related parties</i>	<b>Total</b>	<i>of which related parties</i>
<i>In thousands of euro</i>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	648,817		668,665	
Property, plant and equipment	274,610		301,079	
Investment property	11,667		11,710	
Equity investments	7,565		7,445	
Other financial assets	8,923		19,209	
Non-current tax receivables	18,749		15,680	
Deferred tax assets	59,596		60,372	
Trade receivables				
Other receivables	11,732	115	13,170	133
<b>Total non-current assets</b>	<b>1,041,659</b>		<b>1,097,330</b>	
<b>Assets held for sale</b>				
<b>Current assets</b>				
Trade receivables	104,041	1,951	75,166	3,350
Other receivables	22,708	9,151	24,151	8,753
Current tax receivables	32,705		26,783	
Inventories	237,729		208,459	
Other financial assets	3,112		7,069	
Cash and cash equivalents	179,387		191,757	
<b>Total current assets</b>	<b>579,682</b>		<b>533,385</b>	
<b>Total Assets</b>	<b>1,621,341</b>		<b>1,630,715</b>	



	<u>At 30 September 2017</u>		<u>At 31 December 2016</u>	
	<b>Total</b>	<i>of which related parties</i>	<b>Total</b>	<i>of which related parties</i>
<i>In thousands of euro</i>				
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital and reserves attributable to equity holders of the parent	390,051		394,019	
Share capital and reserves attributable to minority interests	(278)		(305)	
<b>Total shareholders' equity</b>	<b>389,773</b>		<b>393,714</b>	
<b>Non-current liabilities</b>				
Borrowings due after one year	452,604	2,900	535,105	2,900
Trade payables				
Other non-current provisions	10,891		10,566	
Deferred tax liabilities	3,711		3,880	
Pension funds and employee benefits	45,416		48,924	
Tax payables				
Other non-current payables	5,195	162	5,485	162
<b>Total non-current liabilities</b>	<b>517,817</b>		<b>603,960</b>	
<b>Current liabilities</b>				
Borrowings due within one year	169,389		173,445	
Trade payables	456,545	14,414	395,649	9,935
Tax payables	24,883		8,128	
Other current liabilities	53,086	7,230	46,936	7,152
Current portion of other non-current provisions	9,848		8,883	
<b>Total current liabilities</b>	<b>713,751</b>		<b>633,041</b>	
<b>Total Shareholders' equity and Liabilities</b>	<b>1,621,341</b>		<b>1,630,715</b>	

## Consolidated Statement of Cash Flows

	First nine months 2017		First nine months 2016	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
<i>Operating assets</i>				
Consolidated net profit (loss)	25,135		19,157	
Earnings attributable to minority interests				
Tax for the period	18,963		14,453	
Depreciation property, plant and equipment	33,798		33,484	
Amortisation intangible assets	56,111		47,551	
Allowances for risks, retirement funds and employee benefits	14,253		13,797	
Impairment losses / (Reversals)	1,879		852	
Losses / (Gains) realised on sale of property, plant and equipment	(81)		(93)	
Losses / (Gains) realised on sale of intangible assets				
Finance income	(591)		(733)	
Dividend income	(11)		(7)	
Finance costs	24,771		25,471	
Income from public grants	(2,647)		(2,970)	
Share of results of associates	(778)		(480)	
<i>Change in working capital:</i>				
(Increase)/Decrease in trade receivables	(27,573)	1,399	(14,224)	19
(Increase)/Decrease in other receivables	3,404	(380)	4,373	(218)
(Increase)/Decrease in inventories	(29,270)		(23,451)	
Increase/(Decrease) in trade payables	60,896	4,479	65,961	2,827
Increase/(Decrease) in other payables	5,860	78	9,106	972
Increase/(Decrease) in provisions for risks	(6,955)		(7,869)	
Increase/(Decrease) in retirement funds and employee benefits	(9,139)		(1,723)	
Other changes	2,533		(24,980)	
<b>Cash generated by operating activities</b>	<b>170,558</b>		<b>157,675</b>	
Interest expense paid	(21,904)		(21,704)	
Tax paid	(12,346)		(16,935)	
<b>Cash flow from operating activities (A)</b>	<b>136,308</b>		<b>119,036</b>	
<i>Investing activities</i>				
Investment in property, plant and equipment	(16,831)		(26,912)	
Sale price or redemption value of property, plant and equipment	172		224	
Investment in intangible assets	(38,817)		(38,767)	
Sale price or redemption value of intangible assets	456			
Dividends from equity investments	11			
Interest collected	658		359	
<b>Cash flow from investing activities (B)</b>	<b>(54,351)</b>		<b>(65,096)</b>	
<i>Financing activities</i>				
Own share purchases			(5,565)	
Outflow for dividends paid	(19,698)		(17,962)	
Loans received	55,090		72,050	
Outflow for loan repayments	(119,734)		(65,398)	
Finance leases received			12,839	
Repayment of finance leases	(842)		(1,307)	
<b>Cash flow from financing activities (C)</b>	<b>(85,184)</b>		<b>(5,343)</b>	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	(3,227)		48,597	
<b>Opening balance</b>	<b>191,400</b>		<b>101,302</b>	
Exchange differences	(9,008)		(1,130)	
<b>Closing balance</b>	<b>179,165</b>		<b>148,769</b>	