

PRESS RELEASE

PIAGGIO GROUP: 2019 HALF-YEAR FINANCIAL STATEMENTS¹

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

Consolidated net sales 817 million euro, up 12% (729.6 €/mln at 30.06.2018)

Industrial gross margin 250 million euro, up 9.5%
(228,3 €/mln in H1 2018), **30.6% return on net sales**

Ebitda 134.3 million euro, up 15.2% (130.6 €/mln ex IFRS 16)
(116.6 €/mln in H1 2018). **Ebitda margin 16.4%** (16% in H1 2018)

Ebit 75.1 million euro, up 21.3%
(74.8 €/mln ex IFRS 16) (61.9 €/mln at 30.06.2018). **Ebit margin 9.2%** (8.5% in H1 2018)

Profit before tax 62.8 million euro, up 29.5% (48.5 €/mln in H1 2018)

Net profit 34.6 million euro, up 29.6% (26.7 €/mln at 30.06.2018)

Net financial position ex IFRS 16 -398 €/mln, an improvement of 33.4 €/mln from
-431.4 €/mln at 30.06.2018 and 31.2 €/mln from -429.2 €/mln at 31.12.2018

NFP, including IFRS 16, -418 €/mln, an improvement of 13.3 €/mln
from 30.06.2018 and 11.2 €/mln from 31.12.2018

321,500 vehicles shipped worldwide, up by 5.7% (304,000 in H1 2018)

Capital expenditure 60.4 million euro, up 26.5% (47.8 €/mln in H1 2018)

2019 interim dividend of 5.5 eurocents per ordinary share
(9 eurocents per share for the whole 2018 financial year)

Pontedera, 26 July 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 half-year report on operations as at and for the six months to 30 June 2019.

Piaggio Group business and financial performance at 30 June 2019²

Group consolidated net sales totalled 817 million euro, an improvement of 12% from 729.6 million euro in the first half of 2018 (+10.7% at constant exchange rates).

¹ The results of operations, equity and financial figures for H1 2019 reflect the effects of IFRS 16 on the accounting treatment of operating leases. For the purposes of comparison with H1 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 **250 million euro, up by 9.5%** from 228.3 million euro at 30 June 2018. **The return on net sales was 30.6%** (31.3% in the year-earlier period), 30.8% at constant exchange rates.

The changes in the income statement described above generated **consolidated Ebitda of 134.3 million euro, up by 15.2%** (+15% at constant exchange rates) from 116.6 million euro in the first half of 2018.

The **Ebitda margin was 16.4%, the highest first-half result since 2006 (IPO date)** (16% in the first half of 2018).

Excluding the effects of IFRS 16, Ebitda at 30 June 2019 would have been 130.6 million euro.

Ebit amounted to **75.1 million euro, an improvement of 21.3%** from 61.9 million euro in the first half of 2018. **The Ebit margin was 9.2%** (8.5% at 30 June 2018). Excluding the effects of IFRS 16, Ebit would have been 74.8 million euro.

Profit before tax in the first half was **62.8 million euro, an increase of 29.5%** from 48.5 million euro in the year-earlier period. Income tax for the six months was 28.3 million euro, with an impact on pre-tax profit of 45%.

Piaggio Group **net profit** for the first half to 30 June 2019 was **34.6 million euro, an increase of 29.6%** from 26.7 million euro in the year-earlier period.

Excluding the negative effects of 20 million euro from application of IFRS 16, net financial debt was 398 million euro, an improvement of 33.4 million euro from 431.4 million euro at 30 June 2018 and **an improvement of 31.2 million euro** from 429.2 million euro at 31 December 2018.

Considering application of IFRS 16, the net financial position at 30 June 2019 was **418 million euro**, an improvement of 13.3 million euro from 30 June 2018 and of 11.2 million euro from 31 December 2018.

Group **shareholders' equity** at 30 June 2019 was **393.7 million euro, an increase of 1.7 million euro** from 31 December 2018.

In the first half, Piaggio Group **capital expenditure amounted to 60.4 million euro, an increase of 26.5 %** from 47.8 million euro in the first half of 2018.

Business performance in the six months to 30 June 2019

In the first six months of 2019, the **Piaggio Group sold 321,500 vehicles worldwide, an increase of 5.7%** (304,000 shipments in the year-earlier period), and reported consolidated net sales of 817 million euro.

During the period, the Group reported **growth in sales volumes in all regions**, with a particularly strong increase in **Asia Pacific on two-wheelers (+20.2%)**, followed by **the EMEA and Americas area (+6.7%)** and **India (+0.5%)**.

Two-wheelers:

In the first six months of 2019, the Group sold 215,900 two-wheelers worldwide, an improvement of 5.9% (203,900 in the first half of 2018), generating **net sales of 583.4 million euro (+12.1%** from 520.5 million euro in the year-earlier period).

The figure **includes spares and accessories, on which turnover totalled 67.5 million euro, an increase of 5%**.

In the first half of 2019, the Piaggio Group reported **excellent performance in the Asia Pacific region (+20.2% volumes, +28.8% turnover) and the EMEA and Americas area (+4.6% volumes, +9.4% turnover)**. In India two-wheeler turnover rose by 2.3%, partly thanks to an improved sales mix.

In Europe the Piaggio Group confirmed its leadership of the scooter segment, with a share of 24.4%; on the North American scooter market it maintained a strong position, with a share of 21.3%.

The **scooter segment** had a **very positive first half, with double-digit turnover growth**, driven primarily by the **Vespa brand (which reported a 16% increase in turnover from the first half of 2018)** and by the excellent performance of the **Piaggio Mp3 three-wheel scooter, which boosted turnover by more than 20 percentage points**, and of **Aprilia scooters**.

The Group **motorcycle segment** also **boosted first-half revenue by 14%**, largely thanks to the performance of the **Moto Guzzi brand, which achieved a significant 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 in February**.

Commercial vehicles:

In **commercial vehicles**, the Piaggio Group reported sales volumes of **105,700 vehicles, up 5.5%** from 100,100 vehicles in the first half of 2018, and **net sales of 233.5 million euro, up +11.7%** from 209.1 million euro in the year-earlier period.

The figure includes **spares and accessories**, where **sales totalled 26.1 million euro, up 9.9%**.

At geographical level, the strongest growth was reported in the **EMEA and Americas area (+45.5% volumes; +18.6% turnover)**. In **India**, the Piaggio Group sold **95,800 commercial vehicles (+2.6% volumes; +9.8% turnover)**; the PVPL subsidiary had an **overall three-wheeler market share of 24.8% and confirmed its leadership of the cargo segment, with a share of 44.3%**.

The PVPL production facility exported **19,300 vehicles** in the first half of 2019.

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**.

Significant events in and after the first six months of 2019

Supplementing the information published above and at the time of approval of the 2019 first-quarter results (directors' meeting of 07 May 2019), this section illustrates key events in and after 2018.

On 28 June 2019, the Extraordinary Shareholders' Meeting of Piaggio & C. S.p.A. examined and approved the proposed amendments to articles 5, 7, 8, 12 and 27 of the Articles of Association.

On 4 July 2019, the European Investment Bank (EIB) and the Piaggio Group (PIA.MI) signed a 7-year 70 million euro finance contract to fund the research and development projects set out in the investment plan, to be conducted at the Piaggio Group's Italian sites over the three-year period 2019-2021.

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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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Piaggio & C. S.p.A.

Interim dividend

At today's meeting, the Board of Directors also **approved a new dividend payout policy focused on payment of interim dividends** (rather than a single payout). This will bring the company into line with other international players in the two-wheeler industry, and also optimise cash flow management given the seasonal nature of the Group's business.

Consequently, after approving the financial statements as at and for the six months to 30 June 2019 and the Directors' Report pursuant to art. 2344-*bis* of the Italian Civil Code, **the Board of Directors approved payment of an interim dividend for financial year 2019 of 5.5 eurocents**, gross of tax, to each entitled ordinary share (compared with a dividend of 9 eurocents per share for the whole 2018 financial year), for an amount totalling Euro 19,650,390.43.

The ex dividend date (coupon 13) is 23 September 2019; the record date is 24 September 2019 and the payment date is 25 September 2019.

The Financial Statements, the Directors' Report and the Opinion of the Independent Auditors pursuant to art. 2433-*bis* of the Italian Civil Code will be available for shareholders at the company's registered offices (Viale Rinaldo Piaggio 25, Pontedera - Pisa).

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Conference call with analysts

The presentation of the financial results as at and for the first half ended 30 June 2019, which will be illustrated during a conference call with financial analysts, is available on the corporate website at 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 June 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.

* * *

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

| | H1 2019 | | H1 2018 | |
|--|----------------|---|----------------|---|
| | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of euro</i> | | | | |
| Net Sales | 816,957 | 39 | 729,592 | 2,219 |
| Cost of materials | (494,214) | (9,681) | (430,024) | (14,069) |
| Cost of services and use of third-party assets | (120,337) | (1,189) | (114,484) | (1,866) |
| Employee expense | (118,308) | | (112,555) | |
| Depreciation and impairment property, plant and equipment | (20,266) | | (20,738) | |
| Amortisation and impairment intangible assets | (35,518) | | (33,985) | |
| Amortisation rights of use | (3,431) | | 0 | |
| Other operating income | 62,371 | 168 | 54,408 | 118 |
| Impairment reversals (losses) net of trade and other receivables | (796) | | (844) | |
| Other operating expense | (11,390) | (10) | (9,485) | (86) |
| EBIT | 75,068 | | 61,885 | |
| Results of associates | 403 | 385 | 404 | 404 |
| Finance income | 1,908 | 14 | 5,906 | |
| Finance costs | (14,224) | (85) | (19,640) | (82) |
| Net exchange-rate gains/(losses) | (318) | | (49) | |
| Profit before tax | 62,837 | | 48,506 | |
| Income tax expense | (28,276) | | (21,828) | |
| Profit from continuing operations | 34,561 | | 26,678 | |
| Discontinued operations: | | | | |
| Profit or loss from discontinued operations | | | | |
| Profit (loss) for the period | 34,561 | | 26,678 | |
| Attributable to: | | | | |
| Equity holders of the parent | 34,561 | | 26,678 | |
| Minority interests | 0 | | 0 | |
| Earnings per share (in €) | 0.097 | | 0.074 | |
| Diluted earnings per share (in €) | 0.097 | | 0.074 | |

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

| <i>In thousands of euro</i> | H1 2019 | H1 2018 |
|--|----------------|----------------|
| Profit (loss) for the period (A) | 34,561 | 26,678 |
| Items that cannot be reclassified to profit or loss | | |
| Re-measurement of defined benefit plans | (2,234) | (1,203) |
| Total | (2,234) | (1,203) |
| Items that may be reclassified to profit or loss | | |
| Gains (losses) on translation of financial statements of foreign entities | 1,521 | (3,197) |
| Share of components of Comprehensive Income relating to equity-accounted investees | 65 | 108 |
| Total gains (losses) on cash flow hedges | 123 | 573 |
| Total | 1,709 | (2,516) |
| Other comprehensive income (expense) (B)* | (525) | (3,719) |
| Total comprehensive income (expense) for the period (A + B) | 34,036 | 22,959 |
| * Other comprehensive income (expense) taking related tax effects into account | | |
| Attributable to: | | |
| Equity holders of the parent | 34,040 | 22,932 |
| Minority interests | (4) | 27 |

Consolidated Statement of Financial Position

| | At 30 June 2019 | | At 31 December 2018 | |
|---------------------------------|------------------|---|---------------------|---|
| | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of euro</i> | | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 664,829 | | 658,888 | |
| Property, plant and equipment | 266,020 | | 266,198 | |
| Rights of use | 26,245 | | | |
| Investment property | 9,275 | | 10,269 | |
| Equity investments | 8,384 | | 7,934 | |
| Other financial assets | 6,498 | | 6,029 | |
| Non-current tax receivables | 17,035 | | 17,399 | |
| Deferred tax assets | 54,876 | | 59,250 | |
| Trade receivables | | | | |
| Other receivables | 12,292 | 94 | 16,625 | 94 |
| Total non-current assets | 1,065,454 | | 1,042,592 | |
| Assets held for sale | | | | |
| Current assets | | | | |
| Trade receivables | 151,143 | 1,013 | 86,557 | 1,264 |
| Other receivables | 29,897 | 14,917 | 33,507 | 15,262 |
| Current tax receivables | 22,113 | | 7,368 | |
| Inventories | 243,473 | | 224,108 | |
| Other financial assets | 3,024 | | 2,805 | |
| Cash and cash equivalents | 168,459 | | 188,740 | |
| Total current assets | 618,109 | | 543,085 | |
| Total Assets | 1,683,563 | | 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”

| | <u>At 30 June 2019</u> | | <u>At 31 December 2018</u> | |
|---|------------------------|---|----------------------------|---|
| | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of euro</i> | | | | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| Shareholders' equity | | | | |
| Share capital and reserves attributable to equity holders of the parent | 393,900 | | 392,163 | |
| Share capital and reserves attributable to minority interests | (215) | | (211) | |
| Total shareholders' equity | 393,685 | | 391,952 | |
| Non-current liabilities | | | | |
| Financial liabilities > 12 months | 449,076 | | 512,498 | |
| Financial liabilities for rights of use > 12 months | 12,922 | 3,705 | | |
| Trade payables | | | | |
| Other non-current provisions | 10,563 | | 9,504 | |
| Deferred tax liabilities | 6,163 | | 2,806 | |
| Pension funds and employee benefits | 43,316 | | 41,306 | |
| Tax payables | | | | |
| Other non-current payables | 6,084 | | 5,939 | |
| Total non-current liabilities | 528,124 | | 572,053 | |
| Current liabilities | | | | |
| Financial liabilities < 12 months | 125,828 | | 113,502 | |
| Financial liabilities for rights of use < 12 months | 7,119 | 1,778 | | |
| Trade payables | 542,829 | 9,958 | 432,722 | 8,402 |
| Tax payables | 17,535 | | 14,635 | |
| Other current liabilities | 53,692 | 6,263 | 48,220 | 6,725 |
| Current portion of other non-current provisions | 14,751 | | 12,593 | |
| Total current liabilities | 761,754 | | 621,672 | |
| Total Shareholders' equity and Liabilities | 1,683,563 | | 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.

| | H1 2019 | | H1 2018 | |
|--|-----------------|--------------------------|-----------------|--------------------------|
| | Total | of which related parties | Total | of which related parties |
| <i>In thousands of euro</i> | | | | |
| <i>Operating assets</i> | | | | |
| Profit (loss) for the period | 34,561 | | 26,678 | |
| Earnings attributable to minority interests | 0 | | 0 | |
| Income tax expense | 28,276 | | 21,828 | |
| Depreciation property, plant and equipment | 20,266 | | 20,738 | |
| Amortisation intangible assets | 35,235 | | 33,477 | |
| Amortisation rights of use | 3,431 | | 0 | |
| Allowances for risks, retirement funds and employee benefits | 10,806 | | 9,351 | |
| Impairment losses / (Reversals) | 2,068 | | 1,584 | |
| Losses / (Gains) realised on sale of property, plant and equipment | 17 | | (43) | |
| Finance income | (1,908) | | (5,906) | |
| Dividend income | (18) | | 0 | |
| Finance costs | 14,224 | | 19,640 | |
| Income from public grants | (2,235) | | (2,077) | |
| Share of results of associates | (385) | | (404) | |
| <i>Change in working capital:</i> | | | | |
| (Increase)/Decrease in trade receivables | (65,278) | 251 | (53,013) | 277 |
| (Increase)/Decrease in other receivables | 360 | 345 | (3,690) | (751) |
| (Increase)/Decrease in inventories | (19,365) | | (51,581) | |
| Increase/(Decrease) in trade payables | 110,107 | 1,556 | 99,851 | 6,403 |
| Increase/(Decrease) in other payables | 5,617 | (462) | 8,018 | (995) |
| Increase/(Decrease) in provisions for risks | (4,024) | | (4,488) | |
| Increase/(Decrease) in retirement funds and employee benefits | (4,556) | | (4,527) | |
| Other movements | (12,981) | | (2,733) | |
| Cash generated by operating activities | 154,218 | | 112,703 | |
| Interest expense paid | (14,933) | | (17,519) | |
| Tax paid | (14,758) | | (13,055) | |
| Cash flow from operating activities (A) | 124,527 | | 82,129 | |
| <i>Investing activities</i> | | | | |
| Investment in property, plant and equipment | (19,343) | | (13,168) | |
| Sale price or redemption value of property, plant and equipment | 19 | | 659 | |
| Investment in intangible assets | (41,083) | | (34,611) | |
| Sale price or redemption value of intangible assets | 11 | | 38 | |
| Public grants collected | 1,413 | | 0 | |
| Sale price of financial assets | 18 | | 0 | |
| Interest collected | 361 | | 243 | |
| Cash flow from investing activities (B) | (58,604) | | (46,839) | |
| <i>Financing activities</i> | | | | |
| Own share purchases | (148) | | 0 | |
| Outflow for dividends paid | (32,155) | | (19,698) | |
| Loans received | 31,169 | | 291,414 | |
| Outflow for loan repayments | (90,688) | | (240,006) | |
| Reimbursement financial liabilities rights of use | (2,280) | | 0 | |
| Repayment of finance leases | (672) | | (570) | |
| Cash flow from financing activities (C) | (94,774) | | 31,140 | |
| Increase / (Decrease) in cash and cash equivalents (A+B+C) | (28,851) | | 66,430 | |
| Opening balance | 188,386 | | 127,894 | |
| Exchange differences | 999 | | (1,408) | |
| Closing balance | 160,534 | | 192,916 | |