

PRESS RELEASE

PIAGGIO GROUP: FIRST HALF 2020

Roberto Colaninno, Piaggio Group Chairman and CEO: *“The Piaggio Group continues to invest and does so to improve the quality and technology of all its products in the world. Clearly, the difficult current situation requires a firm approach and pragmatic management of the future, but we have to go on because this is also a time of exceptionally effervescent cultural and scientific activity that is bound to transform and consequently re-organise mobility in the future. We have to grasp this interesting opportunity now.”*

- **Consolidated net sales 600.1 million euro** (-26.5%, 817 €/mln at 30.06.2019)
- **Industrial gross margin 171.7 million euro** (250 €/mln at 30.06.2019), **28.6% return on net sales** (30.6% at 30.06.2019)
- **Operating expense 147 million euro** (-16%, 174.9 €/mln at 30.06.2019), a sharp contraction arising largely from the mitigating action put in place since the end of Q1 2020 in response to the Covid-19 emergency
- **EBITDA 83.1 million euro** (134.3 €/mln at 30.06.2019)
EBITDA margin 13.8% (16.4% at 30.06.2019)
- **EBIT 24.7 million euro** (75.1 €/mln at 30.06.2019)
EBIT margin 4.1% (9.2% at 30.06.2019)
- **Profit before tax 15.1 million euro** (62.8 €/mln at 30.06.2019)
- **Net profit 9.1 million euro** (34.6 €/mln at 30.06.2019)
- **Net financial position -528.5 €/mln, an improvement of 20.1 €/mln from 548.6 €/mln at 31.03.2020** as a result of effective inventories management in the first quarter of the year
- **210,300 vehicles shipped worldwide** (321,500 at 30.06.2019)
- **Capital expenditure 52.8 million euro** (60.4 €/mln at 30.06.2019)

Pontedera, 27 July 2020 – 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 2020.

Piaggio Group business and financial performance at 30 June 2020¹

Group **consolidated net sales** amounted to **600.1 million euro**, a reduction of 26.5% from 817 million euro in the first half of 2019 as a result of the lockdown, which led to the suspension of production and commercial operations in many countries for a number of weeks.

¹ The main alternative performance indicators used by the Piaggio Group, representing the data monitored by management, are as follows:

- EBITDA: earnings (EBIT) before amortisation and depreciation and impairment losses on property, plant and equipment, 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 **171.7 million euro**, down 31.3% from 250 million euro at 30 June 2019.

The **return on net sales** was **28.6%** (30.6% at 30 June 2019).

The Group's **operating expense** in the first half to 30 June 2020 totalled **147 million euro**, a **sharp reduction of 16%** from 174.9 million euro in the year-earlier period, **arising largely as a result of the mitigating action put in place since the end of the first quarter of 2020 to respond to the Covid-19 emergency**.

The changes in the income statement described above generated **consolidated EBITDA of 83.1 million euro**, down by 38.1% (-37.6% at constant exchange rates) from 134.3 million euro in the first half of 2019. The **EBITDA margin** was **13.8%** (16.4% at 30 June 2019).

EBIT amounted to **24.7 million euro**, a reduction of 67.1% from 75.1 million euro at 30 June 2019. The **EBIT margin** was **4.1%** (9.2% at 30 June 2019).

Profit before tax in the first half was **15.1 million euro**, a reduction of 75.9% from 62.8 million euro in the year-earlier period. Income tax for the period was 6 million euro, with an impact on pre-tax profit of 40%.

The **Piaggio Group reported a net profit for the first half of 2020 of 9.1 million euro** (34.6 million euro in the first half of 2019).

Net debt at 30 June 2020 stood at 528.5 million euro, an **improvement of 20.1 million euro** from 548.6 million euro at 31 March 2020, **secured by effective inventories management in the first quarter of the year**.

Group shareholders' equity at 30 June 2020 was 368.3 million euro (383.8 million euro at 31 December 2019).

In the first half, Piaggio Group **capital expenditure amounted to 52.8 million euro** (60.4 million euro in the year-earlier period).

Business performance in the first half to 30 June 2020

In the first half to 30 June 2020, the Piaggio Group sold 210,300 vehicles worldwide (321,500 in the year-earlier period) and **reported consolidated net sales of 600.1 million euro**.

As a consequence of the Covid-19 health emergency, markets reported a decline in sales. The drop was more contained on the Asia Pacific 2W market (-9.6%), whereas vehicle sales in the EMEA and Americas area and in India fell by 22.2% and 56.9% respectively.

Two-wheelers:

In the first half, the Group sold 163,000 two-wheelers worldwide (-24.5% from 215,900 in the year-earlier period), generating **net sales of 467.6 million euro** (-19.8% from 583.4 million euro in the first half of 2019).

The figure **includes spares and accessories**, on which turnover totalled **53.6 million euro**.

The overall decline arose largely from downturns on the EMEA and Americas markets (-20.5% sales volumes; -21.5% net sales) and in India (-58.4% sales volumes; -49% net sales). The Asia Pacific region managed to limit the downturn (-9.6% sales volumes; -4.7% net sales; -6.4% at constant exchange rates).

The Piaggio Group confirmed its leadership in the European scooter segment with a share of

24.1% and maintained a strong positioning on the North American scooter market, with a share of 23.9%. In North America, the Group is also consolidating its presence in the motorcycle segment with the Aprilia and Moto Guzzi brands.

The scooter segment saw an increase in Vespa sales in a number of Asian countries, most notably China, and a rise in sales of the Piaggio Medley high-wheel scooter.

In the motorcycle segment, sales were steady for the Moto Guzzi V85TT and for the Aprilia RS 125 and Shiver.

Commercial vehicles:

In commercial vehicles, the Piaggio Group reported sales volumes of 47,300 vehicles, (-55.2% from 105,700 vehicles in the first half of 2019), and net sales of 132.4 million euro (-43.3% from 233.5 million euro in the year-earlier period). The figure includes spares and accessories, on which turnover totalled 17.5 million euro.

At geographical level, Group sales dropped by 45% in the EMEA and Americas markets and by 56.3% in India. On the Indian three-wheeler market, the Indian subsidiary PVPL sold 36,946 vehicles (81,723 in the first half of 2019), for an overall share of the Indian three-wheeler market of 26.1%, up 1.3 percentage points from last year, and also confirmed its leadership in the cargo segment, with a 48.3% market share, up from 44.3% at 30 June 2019.

The Piaggio Group is working on a project for the development and production of a new range of light commercial four-wheel vehicles, the new Porter. The vehicle will be produced in the Italian factory in Pontedera, and operations are expected to begin by the end of the year, in line with the planned timetable.

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group robotics and future mobility company based in Boston, continued the marketing of its first innovative project, Gita, 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 km/hour and with a 4-hour battery life.

Gita is produced in the Piaggio Fast Forward factory in the Charlestown district of Boston. The first marketing phase focuses on the US market, where the circulation of robots on city streets is already regulated.

Significant events in and after the first half of 2020

Supplementing the information published above or at the time of approval of the 2020 first-quarter results (directors' meeting of 8 May 2020), this section illustrates key events in and after the first half of 2019.

On 11 May, with the return to production at the Baramati plant in India, all Piaggio Group manufacturing facilities had resumed operations after the stoppages caused by Covid-19.

Also in May, the invalidity division of the European Union Intellectual Property Office (EUIPO) declared a design registered by a Chinese party, used to justify the production of scooters similar to the Vespa and exhibited at the EICMA 2019 two-wheeler show in Milan, to be invalid, since it was "incapable of eliciting a different general impressions with respect to the registered design" of the Vespa Primavera, and pointed out that the registration was an unlawful attempt to reproduce the scooter's aesthetic elements.

On 12 June, the Vespa brand and the Paris fashion house Christian Dior announced a collaboration agreement on the Vespa 946 Christian Dior, designed by Maria Grazia Chiuri, Dior's creative director for women's collections. The iconic scooter will be available from Spring 2021 in Dior boutiques around the world and subsequently in selected Motoplex stores, the Piaggio Group flagship stores.

On 2 July, the Piaggio Group signed a 60 million euro credit facility with Banca Monte dei Paschi di Siena and Cassa Depositi e Prestiti (in equal proportions). The new line of credit will enable the parent company to continue consolidating and expanding its leadership position in the mobility sector, and further strengthen the Group's financial structure.

* * *

Outlook

Although the acute phase of the Covid-19 virus reached a peak in the second quarter of 2020, and some markets are still feeling the negative effects due to continuing localised lockdowns, results at 30 June clearly and effectively reflect the resilience and incisiveness of the Piaggio Group in responding to the crisis that has hit the world economy.

At the present time, even after making the appropriate valuations based on the information available, providing full-year guidance remains complicated as it depends in part on the evolution of the pandemic and the effects over the coming months of the measures that have been and will be put in place by the authorities in the countries in which the Group operates.

In this general context, the Piaggio Group will continue to work to meet its commitments and targets, maintaining all the measures taken to manage the crisis generated by the pandemic as long as necessary.

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

More generally, Piaggio confirms its commitment to containing any momentary losses of productivity that might ensue as a result of the Coronavirus emergency by increasing its attention to cost and investment efficiency, while continuing to adopt all the health and safety measures necessary to safeguard its employees around the world, consistently with the Group's ethical principles.

* * *

Piaggio & C. S.p.A.

Interim dividend

In view of the current macroeconomic situation and the possible effects it might have on the Group's results, the Board of Directors took up the proposal of the Chairman to defer the decision on the distribution of an interim dividend for 2020 until the approval of the report on operations for the nine months to 30 September, and eventually pay such a dividend in November 2020.

* * *

Conference call with analysts

The presentation of the financial results as at and for the first half ended 30 June 2020, 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 first half ended 30 June 2020 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 2019 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
diego.rancati@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

Consolidated Income Statement

	H1 2020		H1 2019	
	Total	<i>of which related parties</i>	Total	<i>of which related parties</i>
<i>In thousands of euro</i>				
Net Sales	600,084	25	816,957	39
Cost of materials	(366,006)	(8,569)	(494,214)	(9,681)
Cost of services and use of third-party assets	(86,697)	(861)	(120,337)	(1,189)
Employee expense	(102,808)		(118,308)	
Depreciation and impairment property, plant and equipment	(19,902)		(20,266)	
Amortisation and impairment intangible assets	(34,341)		(35,518)	
Amortisation rights of use	(4,159)		(3,431)	
Other operating income	49,119	316	62,371	168
Impairment reversals (losses) net of trade and other receivables	(707)		(796)	
Other operating expense	(9,897)	(15)	(11,390)	(10)
EBIT	24,686		75,068	
Results of associates	564	564	403	385
Finance income	861		1,908	14
Finance costs	(14,178)	(82)	(14,224)	(85)
Net exchange-rate gains/(losses)	3,190		(318)	
Profit before tax	15,123		62,837	
Income tax expense	(6,049)		(28,276)	
Profit from continuing operations	9,074		34,561	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	9,074		34,561	
Attributable to:				
Equity holders of the parent	9,074		34,561	
Minority interests	0		0	
Earnings per share (in €)	0.025		0.097	
Diluted earnings per share (in €)	0.025		0.097	

Consolidated Statement of Comprehensive Income

<i>In thousands of euro</i>	H1 2020	H1 2019
Profit (loss) for the period (A)	9,074	34,561
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	195	(2,234)
Total	195	(2,234)
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(4,859)	1,521
Share of components of Comprehensive Income relating to equity-accounted investees	(142)	65
Total gains (losses) on cash flow hedges	98	123
Total	(4,903)	1,709
Other comprehensive income (expense) (B)*	(4,708)	(525)
Total comprehensive income (expense) for the period (A + B)	4,366	34,036
* Other comprehensive income (expense) taking related tax effects into account		
Attributable to:		
Equity holders of the parent	4,311	34,040
Minority interests	55	(4)

Consolidated Statement of Financial Position

	At 30 June 2020		At 31 December 2019	
	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	677,349		676,183	
Property, plant and equipment	256,595		263,496	
Rights of use	37,180		36,486	
Investment property	7,257		9,203	
Equity investments	9,332		8,910	
Other financial assets	3,496		3,512	
Non-current tax receivables	11,020		14,114	
Deferred tax assets	60,967		63,190	
Trade receivables				
Other receivables	15,607	81	13,638	81
Total non-current assets	1,078,803		1,088,732	
Assets held for sale				
Current assets				
Trade receivables	120,991	1,125	78,195	992
Other receivables	34,040	14,883	31,706	14,601
Current tax receivables	14,513		18,538	
Inventories	241,251		214,682	
Other financial assets	3,454		3,789	
Cash and cash equivalents	158,647		190,746	
Total current assets	572,896		537,656	
Total Assets	1,651,699		1,626,388	

	<u>At 30 June 2020</u>		<u>At 31 December 2019</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	368,467		384,015	
Share capital and reserves attributable to minority interests	(153)		(208)	
Total shareholders' equity	368,314		383,807	
Non-current liabilities				
Financial liabilities	540,524		463,587	
Financial liabilities for rights of use	21,911	4,723	19,996	4,579
Trade payables				
Other non-current provisions	12,579		12,116	
Deferred tax liabilities	4,275		7,762	
Pension funds and employee benefits	37,475		38,997	
Tax payables				
Other non-current payables	6,342		6,437	
Total non-current liabilities	623,106		548,895	
Current liabilities				
Financial liabilities	123,324		135,033	
Financial liabilities for rights of use	8,209	1,971	8,408	1,553
Trade payables	459,511	7,679	478,688	5,701
Tax payables	9,017		14,934	
Other payables	45,851	54	42,171	23
Current portion of other non-current provisions	14,367		14,452	
Total current liabilities	660,279		693,686	
Total Shareholders' equity and Liabilities	1,651,699		1,626,388	

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 2020		H1 2019	
	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	9,074		34,561	
Income tax expense	6,049		28,276	
Depreciation property, plant and equipment	19,902		20,266	
Amortisation of intangible assets	34,341		35,235	
Amortisation rights of use	4,159		3,431	
Allowances for risks, retirement funds and employee benefits	7,299		10,806	
Impairment losses / (Reversals)	2,614		2,068	
Losses / (Gains) realised on sale of property, plant and equipment	2		17	
Finance income	(861)		(1,908)	
Dividend income	0		(18)	
Finance costs	14,178		14,224	
Income from public grants	(2,033)		(2,235)	
Share of results of associates	(564)		(385)	
<i>Change in working capital:</i>				
(Increase)/Decrease in trade receivables	(43,299)	(133)	(65,278)	251
(Increase)/Decrease in other receivables	(4,468)	(282)	360	345
(Increase)/Decrease in inventories	(26,569)		(19,365)	
Increase/(Decrease) in trade payables	(19,177)	1,978	110,107	1,556
Increase/(Decrease) in other payables	3,585	31	5,617	(462)
Increase/(Decrease) in provisions for risks	(3,122)		(4,024)	
Increase/(Decrease) in retirement funds and employee benefits	(5,032)		(4,556)	
Other movements	6,174		(12,981)	
Cash generated by operating activities	2,252		154,218	
Interest expense paid	(11,889)		(14,933)	
Tax paid	(11,170)		(14,758)	
Cash flow from operating activities (A)	(20,807)		124,527	
<i>Investing activities</i>				
Investment in property, plant and equipment	(16,540)		(19,343)	
Sale price or redemption value of property, plant and equipment	150		19	
Investment in intangible assets	(36,281)		(41,083)	
Sale price or redemption value of intangible assets	5		11	
Public grants collected	796		1,413	
Dividends collected	0		18	
Interest collected	146		361	
Cash flow from investing activities (B)	(51,724)		(58,604)	
<i>Financing activities</i>				
Own share purchases	(217)		(148)	
Outflow for dividends paid	(19,642)		(32,155)	
Loans received	110,998		31,169	
Outflow for loan repayments	(47,147)		(90,688)	
Payment of fees for rights of use	(3,363)		(2,952)	
Cash flow from financing activities (C)	40,629		(94,774)	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	(31,902)		(28,851)	
Opening balance	190,728		188,386	
Exchange differences	(179)		999	
Closing balance	158,647		160,534	