

PRESS RELEASE

PIAGGIO GROUP: FIRST QUARTER 2020

Piaggio Group Chair and CEO Roberto Colaninno: “Despite the dreadful emergency created by the world pandemic, the Piaggio Group has successfully passed the first-quarter test and is investing in the future in terms of sustainable, technologically advanced mobility for people as well as for goods transportation. 2020 is obviously a complicated year and it is difficult to have any certainties, but every decision is and will be considered very carefully to ensure we maintain adequate capital ratios. I am confident, it couldn’t be otherwise.”

- **Consolidated net sales 311.4 million euro** (-10.1%, 346.2 €/mln at 31.03.2019)
- **Industrial gross margin 88.1 million euro** (103.9 €/mln at 31.03.2019), **28.3% return on net sales** (30% at 31.03.2019); **operating management made it possible to absorb overheads at the manufacturing plants in Europe, India and Asia affected by the health regulations for the prevention of Covid-19**
- **Operating expense 78.1 million euro** (-6.2%, 83.3 €/mln at 31.03.2019)
- **Ebitda 39.8 million euro** (49.5 €/mln at 31.03.2019)
Ebitda margin 12.8% (14.3% at 31.03.2019)
- **Ebit 10 million euro** (20.7 €/mln at 31.03.2019)
Ebit margin 3.2% (6% at 31.03.2019)
- **Profit before tax 5.2 million euro** (14.2 €/mln at 31.03.2019)
- **Net profit 3.1 million euro** (7.8 €/mln at 31.03.2019)
- **Net financial position -548.6 €/mln, largely as a result of global purchases of raw materials and semifinished products to guarantee production operations during the lockdowns in the various regions by neutralising possible temporary shutdowns of Group suppliers** (-476.4 €/mln at 31.03.2019, -429.7 €/mln at 31.12.2019)
- **117,100 vehicles shipped worldwide** (140,400 at 31.03.2019)
- **Capital expenditure 28.5 million euro** (29.3 €/mln at 31.03.2019)

Pontedera, 08 May 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 interim report on operations as at and for the three months to 31 March 2020.

Piaggio Group business and financial performance at 31 March 2020¹

Group **consolidated net sales** totalled **311.4 million euro**, a reduction of 10.1% from 346.2 million euro at 31 March 2019.

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 **88.1 million euro**, -15.2% from 103.9 million euro at 31 March 2019. **Operating management made it possible to absorb overheads at the manufacturing plants in Europe, India and Asia affected by the health regulations for the prevention of Covid-19.**

The **return on net sales** was **28.3%** (30% at 31 March 2019).

Group **operating expense** in the first quarter of 2020 amounted to **78.1 million euro**, a reduction of 6.2% from 83.3 million euro in the year-earlier period. The decrease was largely due to the suspension of activities in Italy and India in March as a consequence of the health emergency.

The changes in the income statement described above generated **consolidated Ebitda of 39.8 million euro**, down by 19.5% (-18.5% at constant exchange rates) from 49.5 million euro in the first quarter of 2019. The **Ebitda margin** was **12.8%** (14.3% at 31 March 2019).

Ebit amounted to **10 million euro**, a reduction of 51.6% from 20.7 million euro at 31 March 2019. The **Ebit margin** was **3.2%** (6% at 31 March 2019).

Profit before tax in the first quarter was **5.2 million euro**, a reduction of 63.3% from 14.2 million euro in the year-earlier period. Income tax for the period was 2.1 million euro, with an impact on pre-tax profit of 40%.

The **Piaggio Group reported a net profit for the first quarter of 2020 of 3.1 million euro** (7.8 million euro in the first quarter of 2019).

Net financial debt at 31 March 2020 was 548.6 million euro. The Piaggio Group had net debt of 476.4 million euro at 31 March 2019 and 429.7 million euro at 31 December 2019. **The increase of approximately 118.9 million euro from 31 December 2019 was largely as a result of global purchases of raw materials and semifinished products to guarantee production operations during the lockdowns in the various regions by neutralising possible temporary shutdowns of Group suppliers.** Furthermore, the two-wheeler business is seasonal in nature, absorbing resources in the first part of the year and generating resources in the second.

Group shareholders' equity at 31 March 2020 was 387.1 million euro (383.8 million euro at 31 December 2019).

In the first quarter, Piaggio Group **capital expenditure amounted to 28.5 million euro** (29.3 million euro in Q1 2019).

Business performance in the first quarter to 31 March 2020

In the first quarter to 31 March 2020, the Piaggio Group sold 117,100 vehicles worldwide (140,400 in the year-earlier period), **and reported consolidated net sales of 311.4 million euro.** Two-wheeler sales rose in Asia Pacific (+3.5%), mitigating in part the fall in sales in the EMEA and Americas area (-8.3%) and India (-28.5%) caused by the health emergency.

Two-wheelers:

In the first quarter, the Group sold 76,400 two-wheelers worldwide (-9.7% from 84,600 in the year-earlier period), generating **net sales of 208.8 million euro** (-7.9% from 226.7 million euro in the first quarter of 2019).

The figure **includes spares and accessories**, on which turnover totalled **26.2 million euro.**

The decreases largely referred to the results reported in Italy (-33% shipments; -35.9% net sales) and India (-33.5% shipments; -20.3% net sales). Conversely, the American two-wheeler market saw a rise of 5.5% in shipments and 4.5% in net sales, and Asia Pacific an increase of 3.5% in shipments and 4.8% in net sales.

The Piaggio Group confirmed its leadership in the European scooter segment with a share of 21.9% and maintained a strong positioning on the North American scooter market, with a share of 26.2%. In North America, the Group is also consolidating its presence in the motorcycle segment with the Aprilia and Moto Guzzi brands.

The scooter segment reported substantially steady sales of Vespa models with 50cc-plus engines, for a 5.6% improvement in net sales, and of the Piaggio Mp3 three-wheel scooter, and an increase of more than 24% in sales of the Piaggio Medley high-wheel scooter.

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

Commercial vehicles:

In commercial vehicles, the Piaggio Group reported sales volumes of 40,700 vehicles, (-27% from 55,800 vehicles in the first quarter of 2019), and net sales of 102.6 million euro (-14.2% from 119.5 million euro in the year-earlier period. The figure includes spares and accessories, on which turnover totalled 12.1 million euro.

At geographical level, growth was reported on the American market (+26.5% shipments; +18% net sales), whereas the EMEA market slowed (-46.2% shipments; -7.4% net sales). In India in the first quarter of 2020 the Piaggio Group sold 37,400 commercial vehicles, with a reduction of 14.4% in net sales. The PVPL subsidiary had an overall share of 24.3% of the Indian three-wheeler market and confirmed its leadership in the Cargo segment with a share of 47.2%, up from 44.8% in the first quarter of 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 new vehicle will be produced in the Italian factory in Pontedera, and, in line with the project timetable, operations are expected to begin by the end of the year.

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 quarter of 2020

Supplementing the information published above or at the time of approval of the 2019 draft financial statements (directors' meeting of 26 February 2020), this section illustrates key events in and after the first quarter of 2020.

Gita, the revolutionary robot designed, developed and produced by Piaggio Fast Forward (PFF), won recognition in two important categories of the Red Dot Awards – Product Design 2020: the

RED DOT seal of quality for unique and disruptive design, and the Best of the Best, the most prestigious of the award categories for innovative products. The “Red Dot: Best of the Best” is the highest distinction of the Red Dot Awards – Product Design competition, and was given by the international jury to the Gita robot in the meta-category “innovative products”, for “the extraordinary level of innovative design and exceptional creativity”. The jury also appreciated “the quality and specific features of the robot, a true personal assistant that represents light mobility of the future”.

In compliance with the measures announced by the Italian Prime Minister on 21 March 2020, production in the Group's Italian factories was suspended from Monday 23 March 2020 to 3 May 2020. On Monday 4 May, after implementing numerous procedures and measures to guarantee maximum safety for the health of its workers, the Piaggio Group re-opened its production plants in Italy [Piaggio (Pontedera - Pisa), Aprilia (Noale and Scorzè - Venice) and Moto Guzzi (Mandello del Lario - Lecco)].

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Outlook

During the early months of 2020 a situation of macroeconomic instability emerged with the spread of Covid-19, affecting economic activities initially in China and subsequently in the other countries.

As reflected in the first figures on world economic performance in the first quarter, this instability is having a significant impact on the global growth outlook, influencing general macroeconomic conditions and the financial and real estate markets, despite the first decisions that have already been taken by the world authorities to support the recovery.

After making the necessary valuations using the information available, at the present time the Group is unable to determine the possible effects on its business during 2020 with a sufficient degree of reliability, also in view of the fact that the emergency could have an important impact on the mobility decisions of individuals as cities and workplaces re-open.

In this situation of general uncertainty, the Piaggio Group will continue to work to meet its commitments and objectives and offer full support for its customers and dealers.

From the technological viewpoint, the Piaggio Group will 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.

At a general level, Piaggio confirms its commitment to containing possible momentary losses of productivity caused by the Coronavirus emergency by continuing to pay close attention to cost and investment efficiency, consistently with the Group's 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 22 April 2020, 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 22 October 2021.

As of today, the company holds 1,028,818 own shares.

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Conference call with analysts

The presentation of the financial results as at and for the quarter ended 31 March 2020, 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 quarter ended 31 March 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.

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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 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.

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Consolidated Income Statement

	Q1 2020		Q1 2019	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
Net Sales	311,358	23	346,190	32
Cost of materials	(189,803)	(4,200)	(208,561)	(4,093)
Cost of services and use of third-party assets	(45,764)	(539)	(53,650)	(569)
Employee expense	(56,450)		(56,141)	
Depreciation and impairment property, plant and equipment	(9,920)		(9,967)	
Amortisation and impairment intangible assets	(17,782)		(17,114)	
Amortisation rights of use	(2,097)		(1,715)	
Other operating income	24,524	115	26,533	58
Impairment reversals (losses) net of trade and other receivables	(384)		(449)	
Other operating expense	(3,670)	(5)	(4,457)	(3)
EBIT	10,012		20,669	
Results of associates	160	160	18	18
Finance income	605		952	7
Finance costs	(6,347)	(41)	(7,091)	(43)
Net exchange-rate gains/(losses)	793		(305)	
Profit before tax	5,223		14,243	
Income tax expense	(2,089)		(6,409)	
Profit from continuing operations	3,134		7,834	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	3,134		7,834	
Attributable to:				
Equity holders of the parent	3,134		7,834	
Minority interests	0		0	
Earnings per share (in €)	0.009		0.022	
Diluted earnings per share (in €)	0.009		0.022	

Consolidated Statement of Comprehensive Income

<i>In thousands of euro</i>	Q1 2020	Q1 2019
Profit (loss) for the period (A)	3,134	7,834
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	2,316	(1,351)
Total	2,316	(1,351)
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(4,011)	3,236
Share of components of Comprehensive Income relating to equity-accounted investees	56	432
Total gains (losses) on cash flow hedges	1,965	109
Total	(1,990)	3,777
Other comprehensive income (expense) (B)*	326	2,426
Total comprehensive income (expense) for the period (A + B)	3,460	10,260
* Other comprehensive income (expense) taking related tax effects into account		
Attributable to:		
Equity holders of the parent	3,416	10,263
Minority interests	44	(3)

Consolidated Statement of Financial Position

	At 31 March 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	676,872		676,183	
Property, plant and equipment	261,158		263,496	
Rights of use	35,129		36,486	
Investment property	9,203		9,203	
Equity investments	9,126		8,910	
Other financial assets	3,513		3,512	
Non-current tax receivables	13,914		14,114	
Deferred tax assets	62,718		63,190	
Trade receivables				
Other receivables	15,692	81	13,638	81
Total non-current assets	1,087,325		1,088,732	
Assets held for sale				
Current assets				
Trade receivables	132,496	1,036	78,195	992
Other receivables	33,878	14,721	31,706	14,601
Current tax receivables	27,424		18,538	
Inventories	289,607		214,682	
Other financial assets	3,470		3,789	
Cash and cash equivalents	167,517		190,746	
Total current assets	654,392		537,656	
Total Assets	1,741,717		1,626,388	

	At 31 March 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>				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of the parent	387,214		384,015	
Share capital and reserves attributable to minority interests	(164)		(208)	
Total shareholders' equity	387,050		383,807	
Non-current liabilities				
Financial liabilities > 12 months	523,430		463,587	
Financial liabilities for rights of use > 12 months	16,795	2,972	19,996	4,579
Trade payables				
Other non-current provisions	12,385		12,116	
Deferred tax liabilities	4,196		7,762	
Pension funds and employee benefits	35,137		38,997	
Tax payables				
Other non-current payables	6,398		6,437	
Total non-current liabilities	598,341		548,895	
Current liabilities				
Financial liabilities < 12 months	171,883		135,033	
Financial liabilities for rights of use < 12 months	10,561	3,151	8,408	1,553
Trade payables	503,176	6,789	478,688	5,701
Tax payables	10,625		14,934	
Other current liabilities	45,694	43	42,171	23
Current portion of other non-current provisions	14,387		14,452	
Total current liabilities	756,326		693,686	
Total Shareholders' equity and Liabilities	1,741,717		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.

	Q1 2020		Q1 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	3,134		7,834	
Income tax expense	2,089		6,409	
Depreciation property, plant and equipment	9,920		9,967	
Amortisation of intangible assets	17,782		16,974	
Amortisation rights of use	2,097		1,715	
Allowances for risks, retirement funds and employee benefits	3,616		4,380	
Impairment losses / (Reversals)	388		589	
Losses / (Gains) realised on sale of property, plant and equipment	2		7	
Finance income	(605)		(952)	
Finance costs	6,347		7,091	
Income from public grants	(798)		(625)	
Share of results of associates	(160)		(18)	
<i>Change in working capital:</i>				
(Increase)/Decrease in trade receivables	(54,601)	(44)	(34,170)	158
(Increase)/Decrease in other receivables	(4,314)	(120)	86	126
(Increase)/Decrease in inventories	(74,925)		(40,538)	
Increase/(Decrease) in trade payables	24,488	1,088	51,391	(1,787)
Increase/(Decrease) in other payables	3,484	20	(249)	(466)
Increase/(Decrease) in provisions for risks	(1,611)		(2,545)	
Increase/(Decrease) in retirement funds and employee benefits	(2,607)		(1,967)	
Other movements	(10,443)		(9,904)	
Cash generated by operating activities	(76,717)		15,475	
Interest expense paid	(4,467)		(4,109)	
Tax paid	(7,488)		(11,031)	
Cash flow from operating activities (A)	(88,672)		335	
<i>Investing activities</i>				
Investment in property, plant and equipment	(9,607)		(9,036)	
Sale price or redemption value of property, plant and equipment	18		2	
Investment in intangible assets	(18,889)		(20,255)	
Sale price or redemption value of intangible assets	1		6	
Public grants collected	352		581	
Interest collected	668		216	
Cash flow from investing activities (B)	(27,457)		(28,486)	
<i>Financing activities</i>				
Own share purchases	(217)		(148)	
Loans received	115,025		55,130	
Outflow for loan repayments	(20,271)		(35,111)	
Payment of fees for rights of use	(1,919)		(2,183)	
Cash flow from financing activities (C)	92,618		17,688	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	(23,511)		(10,463)	
Opening balance	190,728		188,386	
Exchange differences	(785)		3,490	
Closing balance	166,432		181,413	