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Worldwide GDP rising with a broad positive momentum; Europe back to growth, India speeding up

Worldwide GDP growth (% YoY)

United States:
- 2013: 1.6%
- 2014: 2.6%
- Average '15-'17: 3.4%

Europe:
- 2013: 1.3%
- 2014: 1.7%
- Average '15-'17: 1.7%

North Africa & Middle East:
- 2013: 2.1%
- 2014: 3.8%
- Average '15-'17: 4.2%

LATAM & Caribbean:
- 2013: 2.7%
- 2014: 3.1%
- Average '15-'17: 3.6%

Sub Saharan Africa:
- 2013: 0.0%
- 2014: 1.3%
- Average '15-'17: 1.7%

India:
- 2013: 3.8%
- 2014: 5.1%
- Average '15-'17: 6.5%

ASEAN 5:
- 2013: 5.0%
- 2014: 5.4%
- Average '15-'17: 5.5%

Australia:
- 2013: 2.5%
- 2014: 2.8%
- Average '15-'17: 3.0%

GDP real local currency, source: IMF, Eurostat; Vietnam, Indonesia, Thailand, Malaysia, Philippines.
2 wheels market following WW GDP growth, in particular in Europe, Asean 5 and India

1 Source: Market Data, Marketline, Management Estimates; 2 Vietnam, Indonesia, Thailand, Malaysia, Philippines
Western Countries: Scooter leadership and motorbike growth in a recovering market, entry in LATAM, alternative segments

**Market**

- Market down by more than 50% since 2007, but basic drivers of demand still in place
- Start of 2014 confirms first signs of recovery
- 2017 market forecasted in the plan ~20% higher than 2013, but still 40% lower than 2007
- Piaggio leadership in Europe confirmed with 18% of market share, above 26% in scooter

**Key actions**

- Leverage on leadership in a market recovering after sixth years of contraction
- Focus on premium highly profitable segments:
  - Scooters: Vespa, MP3, high wheel, GT
  - Bikes: MotoGuzzi and Aprilia (entry Moto GP)
- Reinvent marketing and communication approach and strengthen dealer network
- Enlarge addressable customer base (mid-sized bikes in Latin America and e-bikes)
- Pursue product cost competitiveness (productivity, buy back)

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1 Source: ACEM, Management estimates; 2 Europe 19; 3 Excluding contract with Poste Italiane (2012, 2013)
Asia Pacific: Vietnamese premium strategy across the region, mid-sized bikes, Chinese market

ASEAN 5 Scooter Market (m units)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>6.6</td>
<td>6.6</td>
<td>7.2</td>
<td>8.3</td>
</tr>
</tbody>
</table>

...of which Vietnamese scooter (k units)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>410</td>
<td>372</td>
<td>404</td>
<td></td>
</tr>
</tbody>
</table>

Per capita GDP\(^2\) growth in the area, (e.g. Vietnam, k $)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>1.5</td>
<td>1.8</td>
<td>1.9</td>
<td>2.6</td>
</tr>
</tbody>
</table>

\(^1\) Source: McKinsey, BCG, Euromonitor and management estimates; \(^2\) IMF

**Market**

- 30% of worldwide 2 Wheel market and expected to grow, especially in the scooter segment
- Average prices on the rise, driven by shift of mix towards high-end scooters in an area that will see the middle class triple by 2020\(^{(1)}\)

**Key actions**

- Maintain positioning in Vietnam also leveraging on new Vespa Primavera
- Go on building new “Vietnam-like” markets:
  - Indonesia: product range and dealer network
  - Thailand, Malaysia, Taiwan
- Enlarge addressable customer base
  - Explore opportunities for mid-size bikes
  - Enter Chinese market with a direct presence
### 2 Wheeler Indian Market (Munits)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Munits)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>13.1</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>13.8</td>
<td>+5%</td>
</tr>
<tr>
<td>2013</td>
<td>14.4</td>
<td></td>
</tr>
<tr>
<td>2017E</td>
<td>18.2</td>
<td></td>
</tr>
</tbody>
</table>

### ...of which Scooter

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Munits)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2.9</td>
<td>+16%</td>
</tr>
<tr>
<td>2013</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>2017E</td>
<td>5.7</td>
<td></td>
</tr>
</tbody>
</table>

### Market
- Biggest and fastest growing 2W market in the world, especially in the scooter segment
- Highly concentrated and competitive market both in scooter and bike, with local producers playing a primary role

### Key actions
- Strengthening our distinctive offering through product premium positioning and marketing activities to develop a premium market
- Enlarge product range:
  - Vespa range and new scooters
  - Premium bikes (MotoGuzzi and Aprilia)
- Consolidate premium dealer network
- Leverage on local production plant facilities (local sales vs. buy-back)
India – 3/4W: Export, Penetration in urban areas, Small 4W

Market

- Growing addressable market, with strong export opportunities (Africa and Latin America)
- Domestic market extremely concentrated with the first two players holding more than 70% of share in 3 Wheels (Piaggio, Bajaj) and more than 90% in 4 Wheels (Tata, Mahindra)

Key actions

- Gain market share in export markets from current 5%, leveraging on Indian and European sales force
- Consolidate 3 Wheels business, strengthening our positioning in urban areas with Apé City Pax;
- Grow on 4 wheels sub 1Ton leveraging on current 3 wheels customer base and distribution network
### Western Countries
- **Europe**
  - Exploit market recovery leveraging on our undisputed leadership position in scooter (Vespa, MP3, …)
  - Improve bikes sales and profitability focusing on Moto Guzzi and Aprilia
  - Enter the e-bike market leveraging on technological leadership, design and distribution network
- **Americas**
  - Grow in bikes leveraging on dealer network expansion and Moto Guzzi and Aprilia premium range
  - Pursue market opportunities in mid-sized bike segment in Latin America

### Asia Pacific
- Replicate Vietnamese premium strategy across the region (Indonesia, Thailand, Malaysia, Taiwan)
- Explore opportunities for both top and mid-size bikes
- Start the penetration of Chinese premium market through our new direct presence in the country

### India
- Push on 3 Wheel export in Africa and Latin America, leveraging on both Indian and European sales force
- Consolidate market leadership in 3 Wheels gaining market share with Apé City Pax in urban areas; grow on 4 Wheels leveraging the introduction of sub 0.5T and sub 1T new products
- Strengthen 2 Wheels positioning in the fast growing 2 wheels market enlarging Vespa range and introducing new models in premium segment (scooters and motorbikes); exploit manufacturing capacity also for buyback
Demand recovery and extension of addressable customers will drive volume …

About 250 k units increase with a CAGR of around 10%

Volume evolution by Business (kunits)

- Western Countries 2 Wheels: 211 (2013) → ~260 (2017E)
  - CAGR: +6.8%
- Asia 2 Wheels: 194 → 59
  - CAGR: +2.6%
- India 2 Wheels: 39 → 61
  - CAGR: +12.1%
- India Commercial Vehicles: 10 → 100
  - CAGR: +26.6%
- Europe Commercial Vehicles: 101 → 160
  - CAGR: +12.1%
- India Commercial Vehicles: 211 → 275
  - CAGR: +6.8%

CAGR '13-'17:
- +9.8%
- +7.6%
- +2.6%
…and Net Sales growth (1/2)

About 540 €m Net Sales increase with a CAGR of around 10%
...and Net Sales growth (2/2)

Net Sales evolution by Product (€m)

- **2013**
  - Scooters: 157
  - Bikes: 327
  - Commercial Vehicles: 132
  - Spares, Accessories & Other: 597

- **2017E**
  - Scooters: 227
  - Bikes: 428
  - Commercial Vehicles: 252
  - Spares, Accessories & Other: 846

- **CAGR '13-'17**
  - Scooters: +9.6%
  - Bikes: +9.7%
  - Commercial Vehicles: +7.0%
  - Spares, Accessories & Other: +17.5%

- **Net Sales evolution**
  - 2013: 1,213
  - 2017E: ~1,750
  - CAGR: +9.1%

- **Net Sales growth**
  - ~1,750

---

...and Net Sales growth (2/2)
Net Sales growth, Product Margin increase and OpEx productivity will lead to over 100 €m EBITDA increase…

<table>
<thead>
<tr>
<th>Component</th>
<th>2013 EBITDA</th>
<th>Net Sales Growth</th>
<th>Product Margin Increase</th>
<th>OpEx Productivity</th>
<th>2017E EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA evolution (€m)</td>
<td>147 (12.1%)</td>
<td>~65</td>
<td>~10</td>
<td>~30</td>
<td>~250 (~14%)</td>
</tr>
</tbody>
</table>
…and to a Net Income of around 4% on sales

<table>
<thead>
<tr>
<th>2013 Net Income, adjusted</th>
<th>Change in EBITDA</th>
<th>Change in Depreciation</th>
<th>Change in Taxes</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 (1.5%)</td>
<td>~105</td>
<td>(~10)</td>
<td>(~40)</td>
<td><del>70 (</del> 4%)</td>
</tr>
</tbody>
</table>

1. To provide a better comparison of information from different years, the Group has defined the item “adjusted”, which excludes the impact of non-recurring events.
Operating cash flow generation and working capital discipline will drive NFP reduction to around 400€m

<table>
<thead>
<tr>
<th>NFP YE '13</th>
<th>Operating Cash Flow</th>
<th>Change in Working Capital</th>
<th>Capex</th>
<th>Change in Equity</th>
<th>NFP YE '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>(~476)</td>
<td>~575</td>
<td>~20</td>
<td>(~400)</td>
<td>(~120)</td>
<td>(~400)</td>
</tr>
</tbody>
</table>
CapEx back to historical level of around 100€m/year

CapEx evolution (€m)

Peak for international expansion

Back to historical levels

5.6% 5.4% 6.6% 6.3% 6.5% 8.3% 10.5% 8.3% 8.3%
90 92 103 94 96 126 148 88

% on revenues

~500 €m

~400 €m

CapEx profile 2014-2017 (€m)

New Products Manufacturing/Maintenance Other Total

~400
Investor Relations Office
E: investorrelations@piaggio.com
T: +39 0587 272286
W: www.piaggiogroup.com
@: @Piaggiolnvestor

Raffaele Lupotto
Head of Investor Relations
E: r.lupotto@piaggio.com
T: +39 0587 272596