



PIAGGIO GROUP

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Full Year 2014 Financial Results

Conference Call
February 27th 2015

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Highlights (1/2)

Full Year 2014 results

Market demand

2014 ended up with improved demand trends vs. 2013 in Piaggio's key reference markets

- European 2 Wheels grew by 3%, after six consecutive years of decline, driven by Bikes up by 8% while Scooters stabilized at 2013 level
- Asia Pacific demand slightly negative, but easing throughout the year, notably in Vietnam up mid single digit in H2
- Indian 3 Wheel recovery consolidated across the year leading to mid single digit growth, while 4 wheels kept slumping; 2 Wheels strong momentum continued

Business Highlights

Western Countries: profitability at peak level against flat Scooter market

- Confirmed Piaggio European leadership, with ~12 p.p. lead over the nearest competitor in the Scooter market
- Enhanced premium positioning, with Vespa and MP3 posting healthy revenue growth, outstripping market trend
- Continued European dealer network destocking, notwithstanding improved market trend
- Strengthened good sales momentum in Americas in the latter part of the year, also thanks to the expansion of mid-sized bikes in LatAm
- Vehicles' average price on the rise, sustained by positive mix and firm price policy

As a result, Western Countries revenues up in Q4 and YTD (excl. engine and racing); Spain, France, UK and Holland best performers posting healthy growth; Italy and Germany lagging behind still burdened by weak scooter market demand

Asia Pacific: resilient performance in a volatile, although improving, market scenario

- Vietnam still negative YTD, but posting double-digit volume growth in H2
- Asia Pacific ex Vietnam kept growing for the fifth straight year, with Thailand, Taiwan and South Korea best performers
- Premium segment penetration in Asia moving forward
- Average prices on the rise, despite negative FX and increased competitive intensity

As a result, revenues up double-digit in Q4, while still flat YTD excluding FX, mainly reflecting Vietnamese slow start of the year

Highlights (2/2)

Full Year 2014 results

Business Highlights

India: positive results in an improved market environment

- Commercial Vehicles market share above PY
- Commercial Vehicles volumes growing after two years of decline, mainly driven by exports, surging by 50%, and 4 Wheelers, posting positive results against negative market demand
- Vespa sales stabilized around 2 thousand units per month
- Average prices on the rise excluding negative FX, reflecting rigorous pricing discipline

As a result, Commercial Vehicles revenues up by 4% vs. PY (+7% excluding FX), on the back of strong Q3 (+19%) and Q4 (+12%)

Financial Highlights

Accelerating growth and widening margins in Q4 ...

- Net Sales: up by 9.7%
- Gross Margin up by ~15% with ratio on Net Sales (27.3%) up 1.3 p.p.
- EBITDA: up by ~84% with ratio on Net Sales (8.5%) up 3.4 p.p.

...drove YTD Net sales slight increase (+1.3% excl. FX) and significant EBITDA uplift (+8.5%), which reached a ratio on Net Sales above 13 p.p., the best performance since 2011

- YTD Gross Margin ratio at 30.1% vs. 29.5% in 2013, further proving effective pricing policy and product cost efficiency
- YTD OpEx in line with PY (~+0.2 €m vs. 2013), as a result of continued implementation of cost efficiencies in SG&A spending
- YTD Higher financial expenses mainly driven by one-off negative effect of bond redemption (3.6 €m), lower capitalization of interest expenses (IAS 23) and lower contribution of companies valued at equity method

Net Debt increased +17€m over year-end 2013, mainly driven by one-off effect on working capital linked to the delayed refund of VAT and custom duties (that will revert in H1 2015) and temporary higher inventories

Healthy H2 results drove YTD significant increase in all key operating metrics, with ratios on Net Sales at peak levels, notwithstanding negative FX Net Debt affected by one-off effects that will revert in H1 2015

P&L (€m)

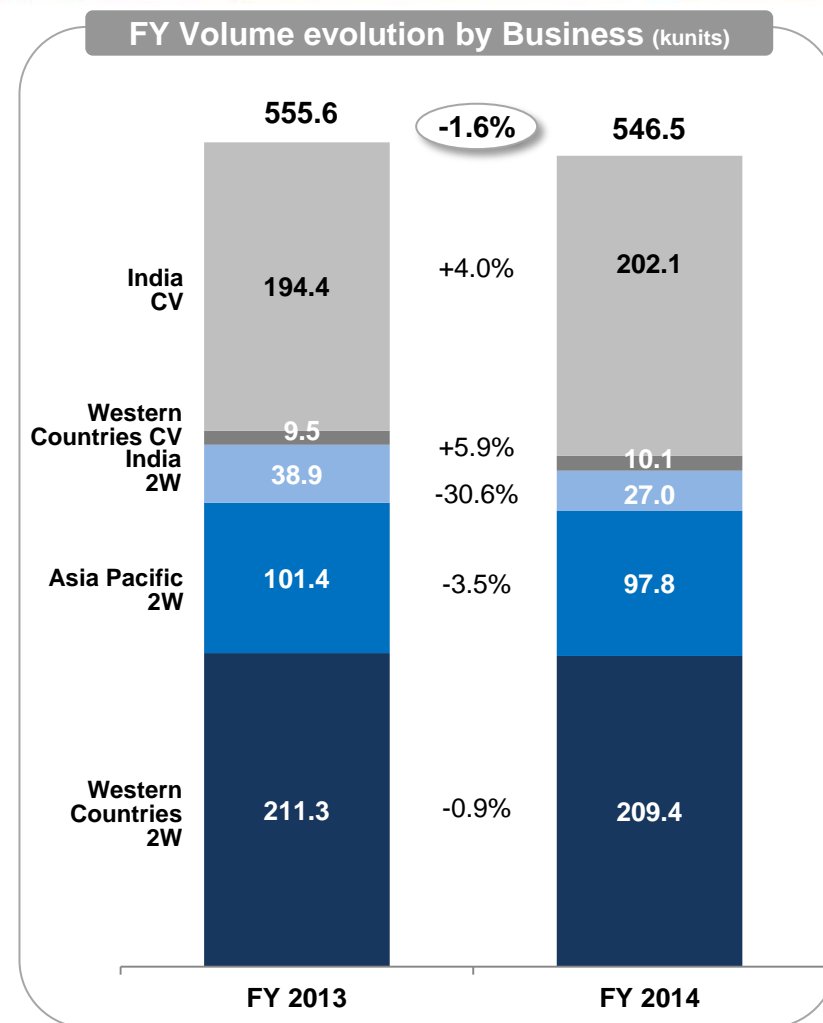
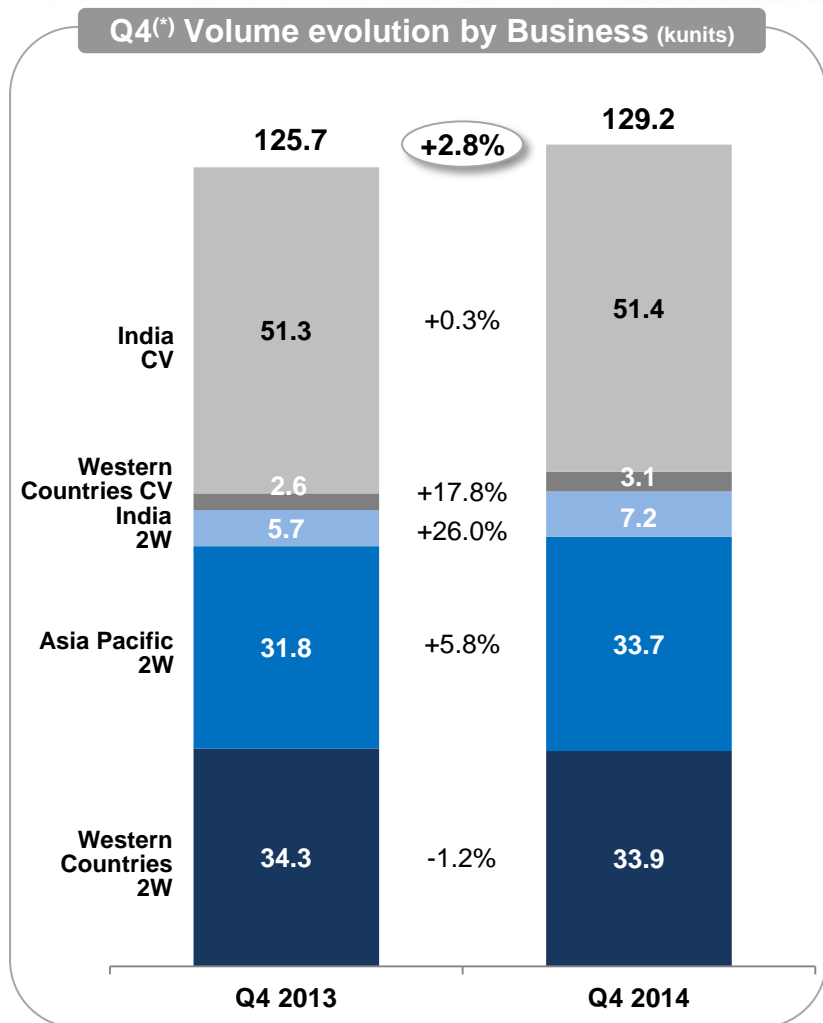
	2013	2014	Change 2014 vs. 2013		
			Absolute	%	% excl. FX
Net Sales	1,212.5	1,213.3	0.7	+0.1%	+1.3%
Gross Margin	357.5	364.7	7.2	+2.0%	+3.0%
<i>% on Net Sales</i>	29.5%	30.1%	0.6%		
EBITDA	146.8	159.3	12.5	+8.5%	+9.9%
<i>% on Net Sales</i>	12.1%	13.1%	1.0%		
EBIT	62.6	69.7	7.0	+11.2%	+13.1%
<i>% on Net Sales</i>	5.2%	5.7%	0.6%		
Financial Expenses, <i>recurring</i>	(32.4)	(39.6)	(7.2)	+22.3%	
Financial Expenses, <i>non -recurring</i>		(3.6)	(3.6)	n.a.	
Income before tax	30.3	26.5	(3.8)	-12.4%	
Tax	(36.8)	(10.5)	26.3	n.m.	
Net Income/(Loss)	(6.5)	16.1	22.6	n.m.	
<i>% on Net Sales</i>	-0.5%	1.3%	1.8%		
<i>Impact of non recurring costs</i>	(24.6)	(2.6)	n.m.	n.m.	
Net Income, <i>adjusted</i> (*)	18.1	18.6	0.6	+3.2%	
<i>% on Net Sales</i>	1.5%	1.5%	0.0%		

NFP (€m)

	31.12.2013	31.12.2014	Change
Net Financial Position	(475.6)	(492.8)	(17.2)

(*) 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

Q4 Volume increase, mainly driven by healthy performance in Emerging Countries, almost offsetting weak start of the year...

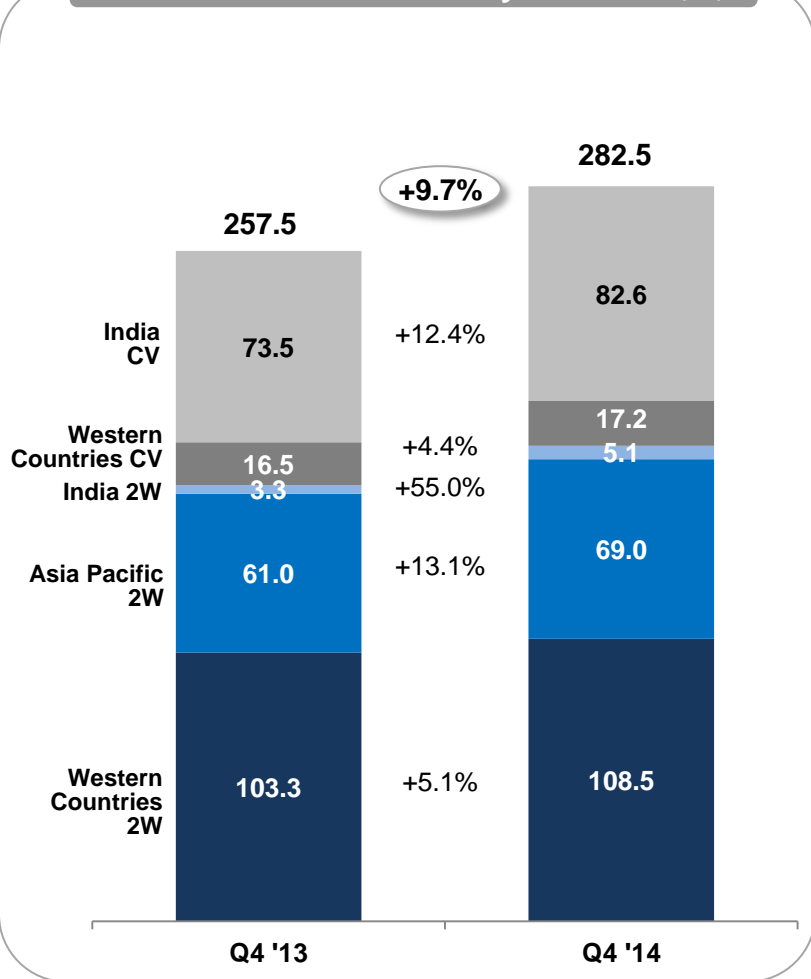


2W: 2 Wheels CV : Commercial Vehicles

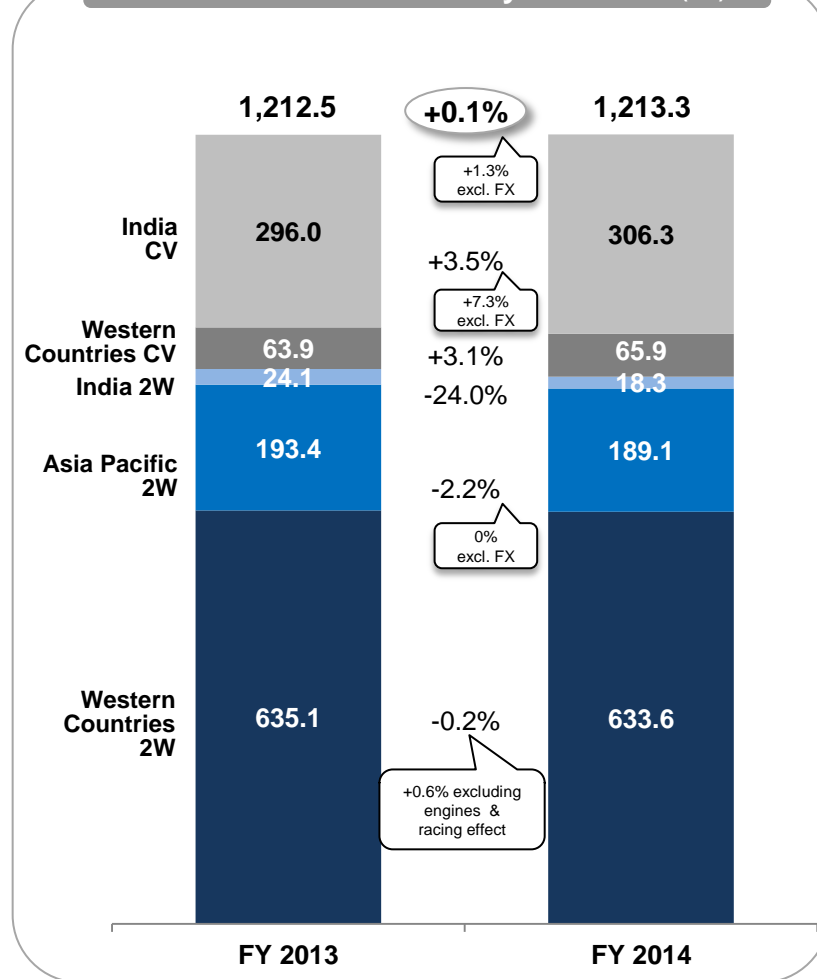
(*) In this presentation, to facilitate the reading of the evolution of results throughout the year, fourth quarter data are calculated as the difference between December and September 2014 results

...driving Q4 Net Sales growth across the board and YTD result in line with PY

Q4^(*) Net Sales evolution by Business (€m)



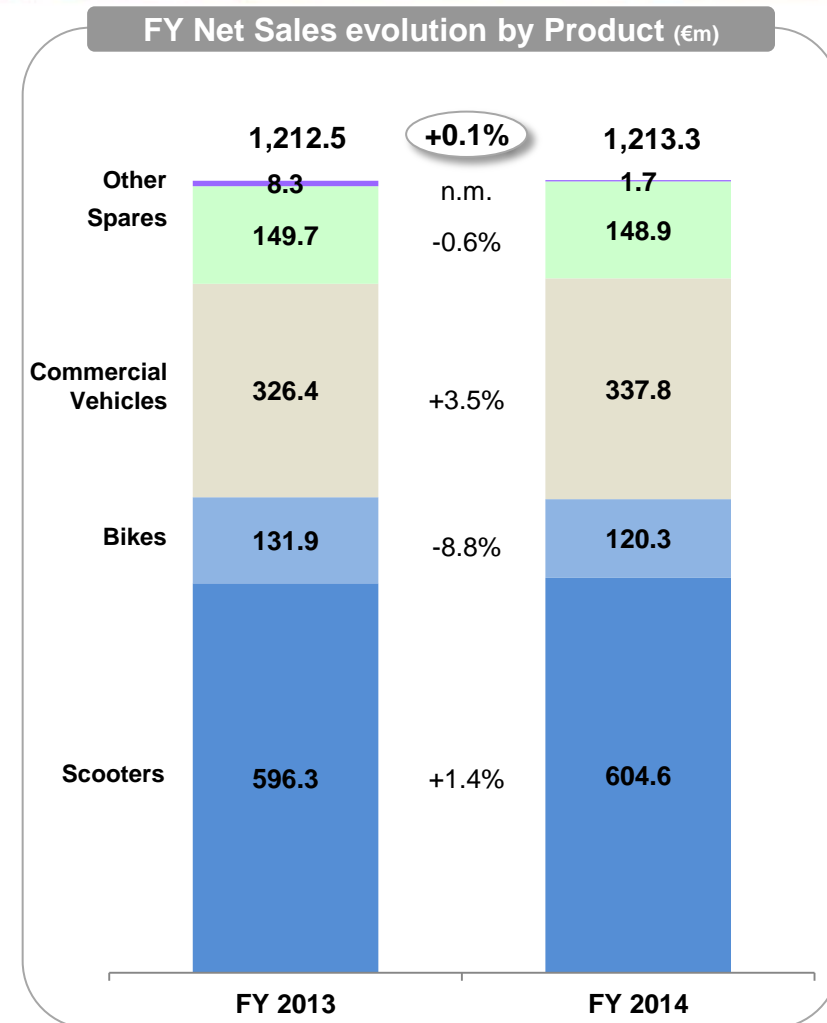
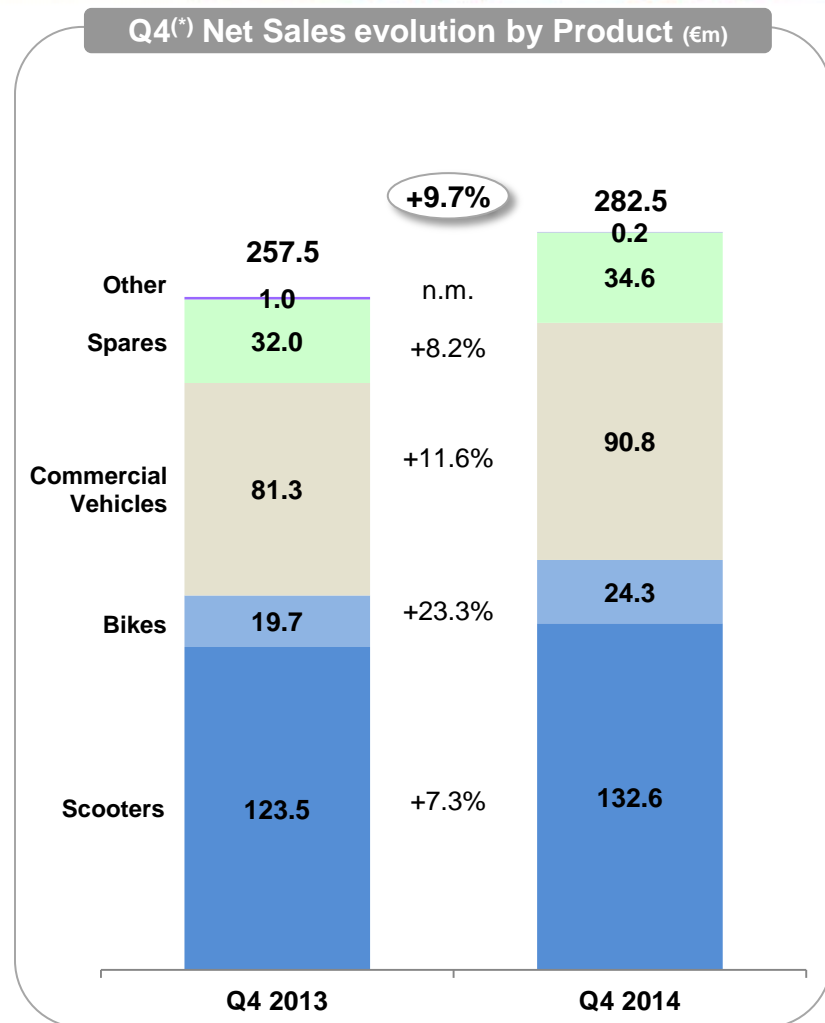
FY Net Sales evolution by Business (€m)



2W: 2 Wheels CV : Commercial Vehicles

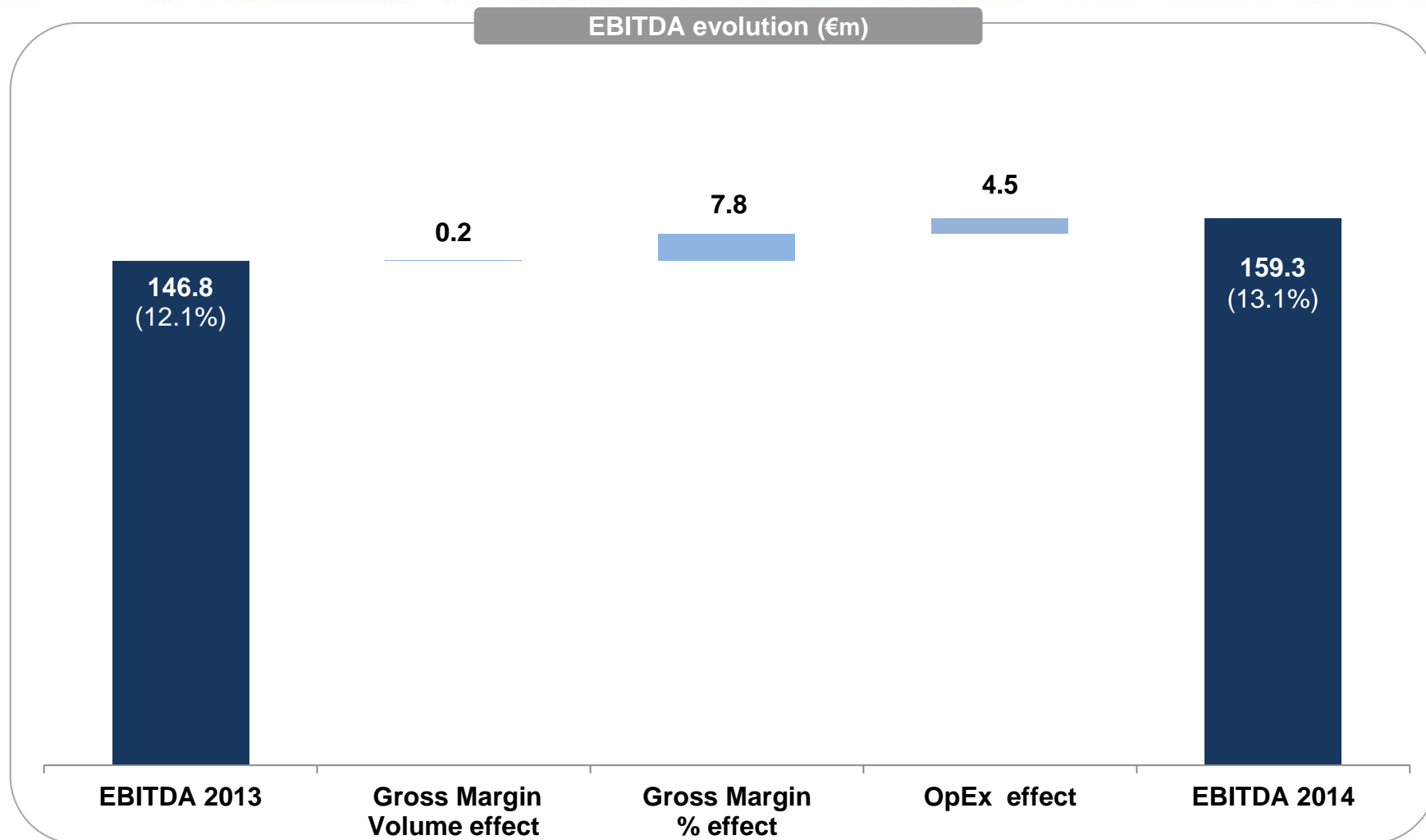
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Both Q4 and YTD Scooters performance fueled by strong price effect sustained by the ongoing shift towards high-end segments.
 In Bikes strong Q4 performance of MG and Aprilia fostered by recent product launches; YTD results still affected by slow start of the year



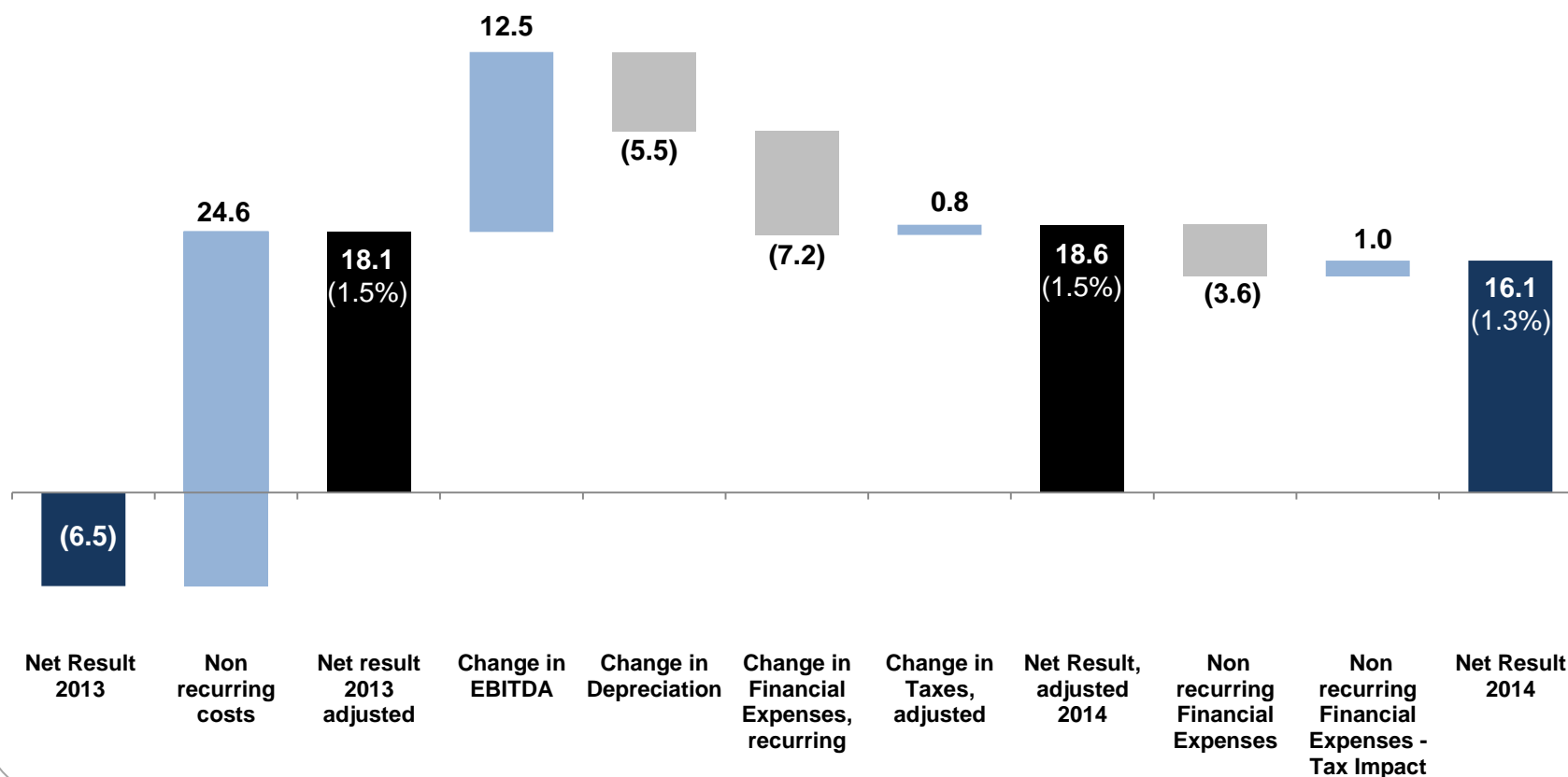
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Product profitability improvement and OpEx containment drove EBITDA growth, with a significant rise of the ratio on Net Sales...

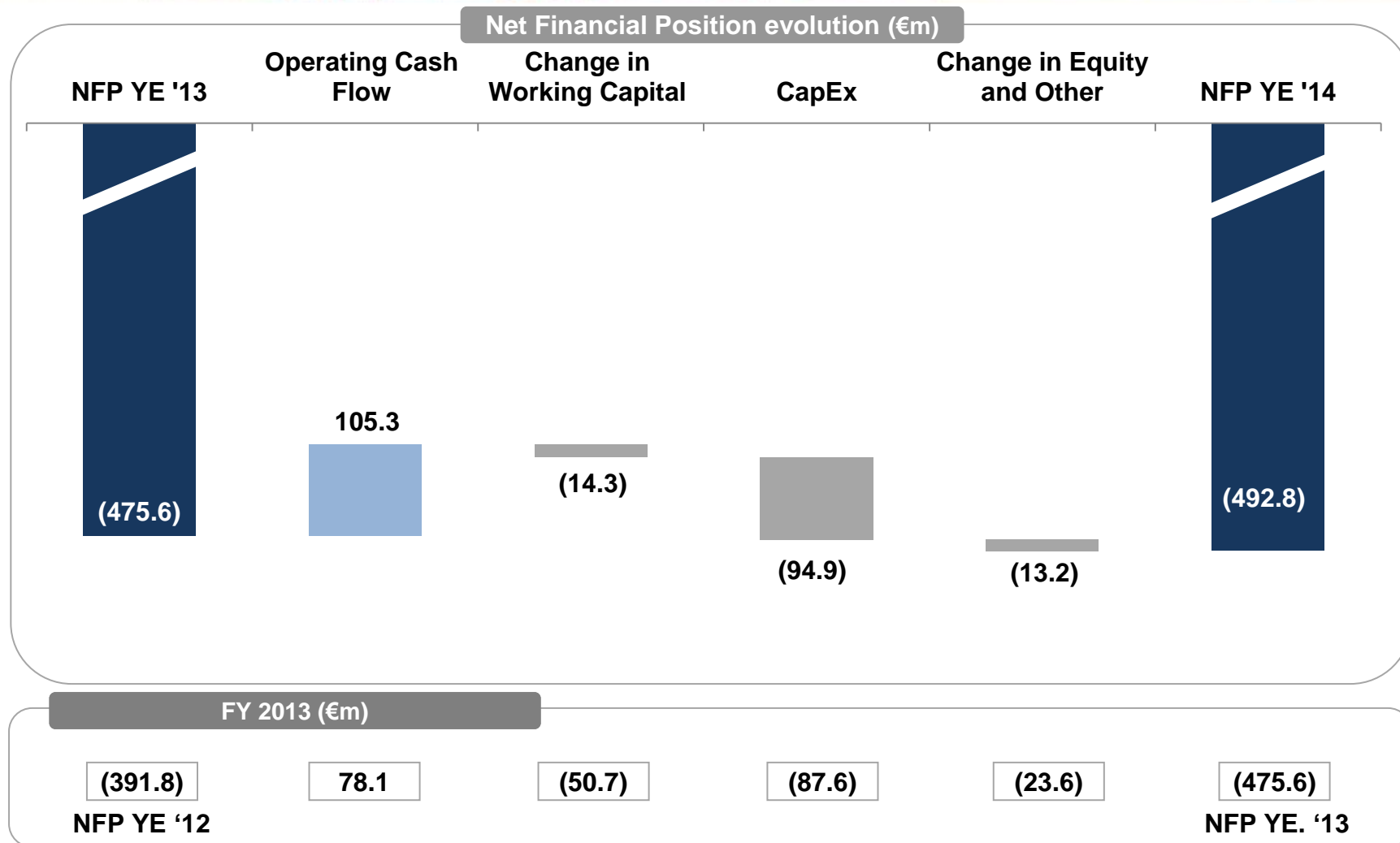


...and led Net Results adjusted in line with prior year, notwithstanding higher D&A and Financial Expenses

Net Income evolution (€m)



Despite healthy Operating Cash Flow generation, Net Debt increased mainly reflecting temporary step up of Working Capital, linked to delayed refund of VAT and custom duties (1/2)



Despite healthy Operating Cash Flow generation, Net Debt increased mainly reflecting temporary step up of Working Capital, linked to delayed refund of VAT and custom duties (2/2)

Balance Sheet evolution (€m)

	2012	2013	2014	Chg. '13 vs. '12	Chg. '14 vs YE '13
Trade Receivable (*)	59.3	74.4	71.6	15.1	-2.8
Inventories	221.1	207.8	232.4	-13.3	24.6
Commercial Payable	(389.4)	(344.8)	(383.6)	44.6	-38.8
Other assets/liabilities	27.9	32.3	63.6	4.4	31.4
Working Capital	(81.1)	(30.4)	(16.1)	50.7	14.3
Tangible Fixed Assets	321.0	310.1	319.5	-10.9	9.4
Intangible Fixed Assets	661.0	654.5	668.4	-6.5	13.9
Financial Investments	6.7	9.9	10.0	3.2	0.2
Provisions	(75.9)	(76.4)	(76.0)	-0.5	0.4
Net Invested Capital	831.7	867.7	905.9	36.0	38.1
Net Debt	391.8	475.6	492.8	83.8	17.2
Equity	439.9	392.1	413.1	-47.8	21.0
Total Sources	831.7	867.7	905.9	36.0	38.1
Net Debt/Equity	0.89	1.21	1.19		

(*) Net of advances from customers.



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