



**PIAGGIO
GROUP**

Piaggio Group
First Quarter of 2017 Financial Results

Conference Call | May 3rd 2017

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Highlights (1/3)

First quarter results

Positive demand trends emerged as the quarter progressed, although still unable to fully compensate weak start to the year

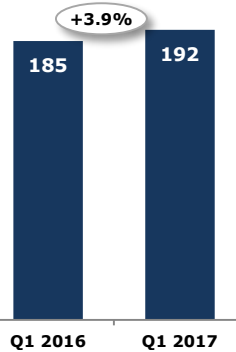
- Western Countries demand slightly down behind European challenging comparison base:
 - European 2 Wheeler strong market rebound in March, partially offsetting prior months physiological decline after unusually strong Q4 2016 linked to the final transition to the new Euro 4 standard, led demand slightly off PY, with Scooters ending down ~5% and Bikes ending flat;
 - France, mainly driven by Bikes, and Italy, mainly driven by Scooters, had been the best performers both ending up low single digit
 - Germany and Spain lagged behind, although demand shifted to positive in March
 - North America confirmed PY negative trend, with scooters edging down double-digits
- Asia Pacific posted mixed demand trends:
 - Vietnam confirmed 2016 positive momentum, with market up mid-single digit underpinned by healthy growth in automatic scooters
 - Asia ex Vietnam with uneven but overall positive demand, apart from Indonesia declining mid-single digit
- India demand still negatively affected by demonetization, although its effects were gradually fading out:
 - 3 wheelers ended down ~ 24% reflecting diverging dynamics, with Cargo confirming PY positive momentum ending up ~ 10%, whilst Pax declined ~ 33%
 - 4 wheelers ended up flat, with March demand upswing zeroing prior months decline
 - Scooters down ~ 1%, although demand shifted to positive starting from February

Highlights (2/3)

First quarter results

Business Highlights

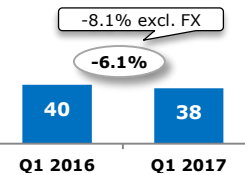
Western Countries: revenues (€m)



Western Countries: healthy performance against market weakness

- European positioning in 2 wheelers further strengthened driven by strong market share gain in Scooters (26.4%; +1.9 p.p. vs. PY); noteworthy healthy performance in Germany with ~8 p.p. of market share gain in Scooters
- European strong momentum confirmed, with volumes up high single-digit on top of challenging comparison base, mainly driven by Italy, Germany and the Netherlands
- North America shifted to positive, against market contraction
- Vespa outstanding performance, with revenues growing ~20% across the board, and Guzzi sound double-digit revenue growth, confirmed the strong unique appeal of these brands
- Average prices slightly down vs. PY, reflecting dilutive product mix effect, whilst firm price policy remained unchanged

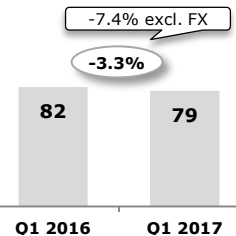
Asia Pac: revenues (€m)



Asia Pacific: subdued performance behind weakness in Vietnam

- Vietnam continued to trend down, mainly reflecting competitive pressures on high-wheel Scooters
- Asia ex Vietnam confirmed relentless growth with bold revenue contribution of Thailand, China and Indonesia
- Vespa posted sound growth in Vietnam and across the area, thus confirming the brand untapped potential
- Average regional prices significantly higher than PY, also excluding FX effect

India: revenues (€m)



India: 3/4 Wheel performance impacted by demonetization and weakness of export markets, while good momentum in 2 Wheels continued

- 3 Wheel positioning strengthened with ~3 p.p. of market share gain, but demonetization coupled with persisting demand decline in export markets drove volumes below PY
- 2 Wheel volumes grew significantly above PY, mainly benefitting from the successful launch of the Aprilia SR
- Average prices slightly down vs. 2016, reflecting Aprilia SR dilutive product mix effect

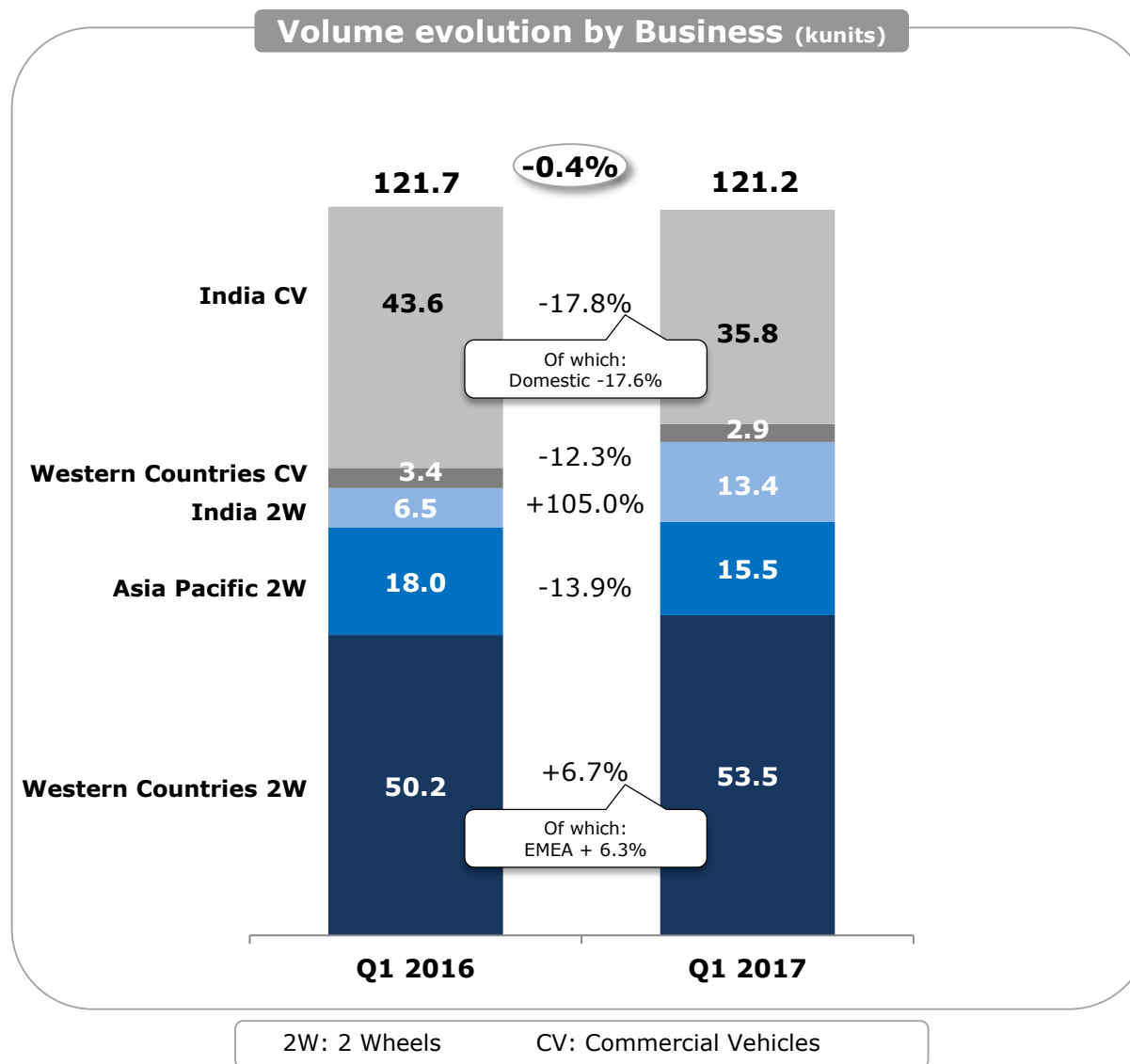
Financial Highlights

Record Q1 results with EBITDA margin at 13.3%

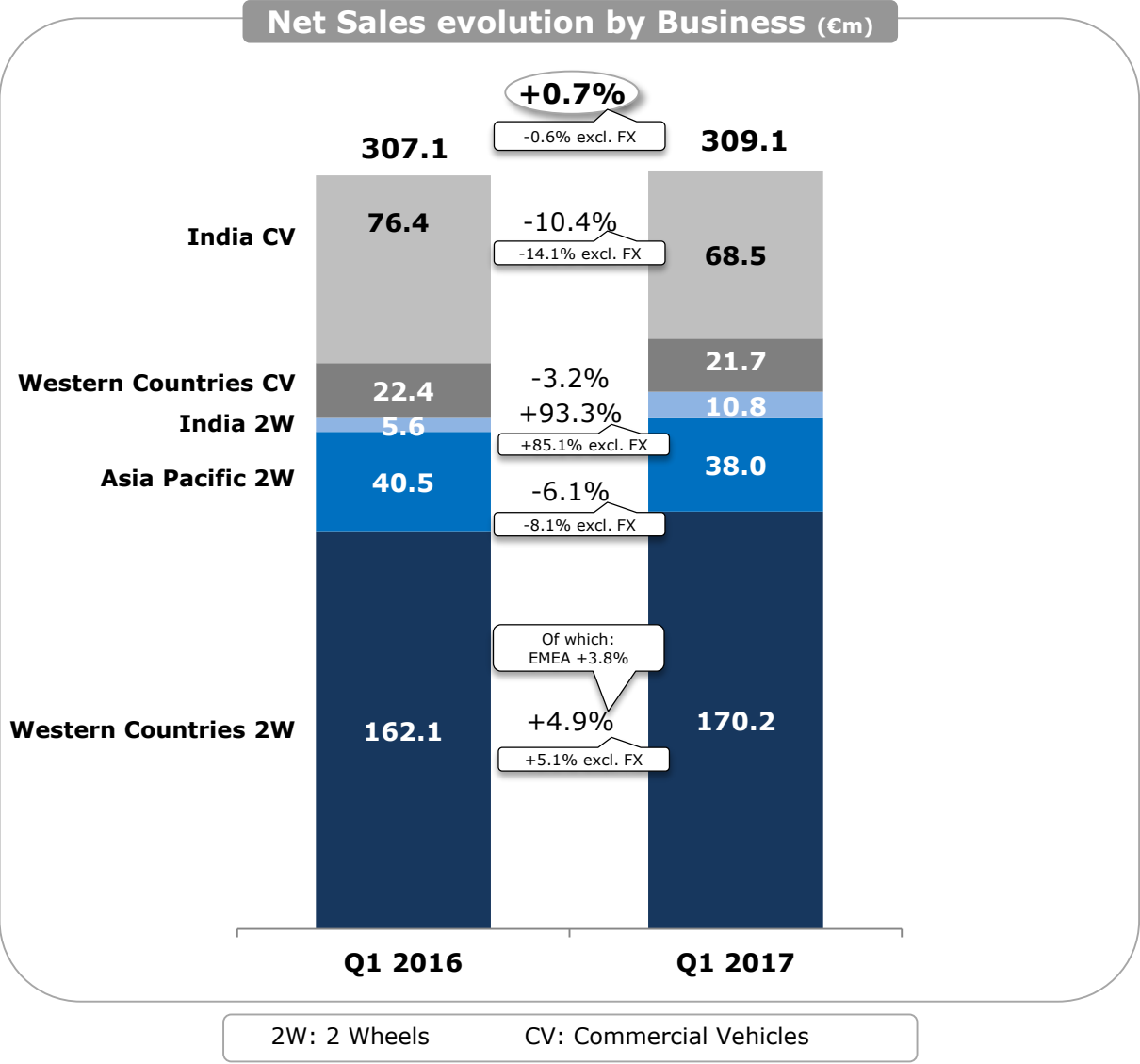
Healthy performance, despite demand headwinds across most of main markets, with Q1 ending with the highest EBITDA – and EBITDA margin – since 2008

- **Net Sales up by ~2€m** (+0.7%; -0.6% at constant FX)
- **EBITDA up by ~4€m** (+10.2%; +11.2% at constant FX), against tough comparison base, **led to a significant uplift of the ratio on net sales (13.3% vs. 12.2% in 2016)**
- **Net Profit up by ~0.2€m** (+17.9%)
 - **Gross Margin on the rise** (+ ~ 4€m), with significant improvement of the ratio on Net Sales (30.8% vs. 29.6%) the best 1st quarter performance to date, further proving rigorous price discipline and efficiency on product costs
 - **Cash Opex in line with PY**, reflecting the ability to curb SG&A despite higher marketing spending
 - **Total OpEx up** (+~4€m), reflecting higher D&A driven by prior years increased level of CapEx
 - **Financial expenses in line with PY**
- **Capital Expenditures at ~18€m**, ~8 €m below prior year level which was affected by investment for the completion of the new painting facility
- **Seasonal Cash Flow absorption lower by ~15€m vs. PY**, mainly stemming from tight grip on working capital and lower CapEx, led **Net Debt at 532€m**, below Q1 2016 level by ~22€m

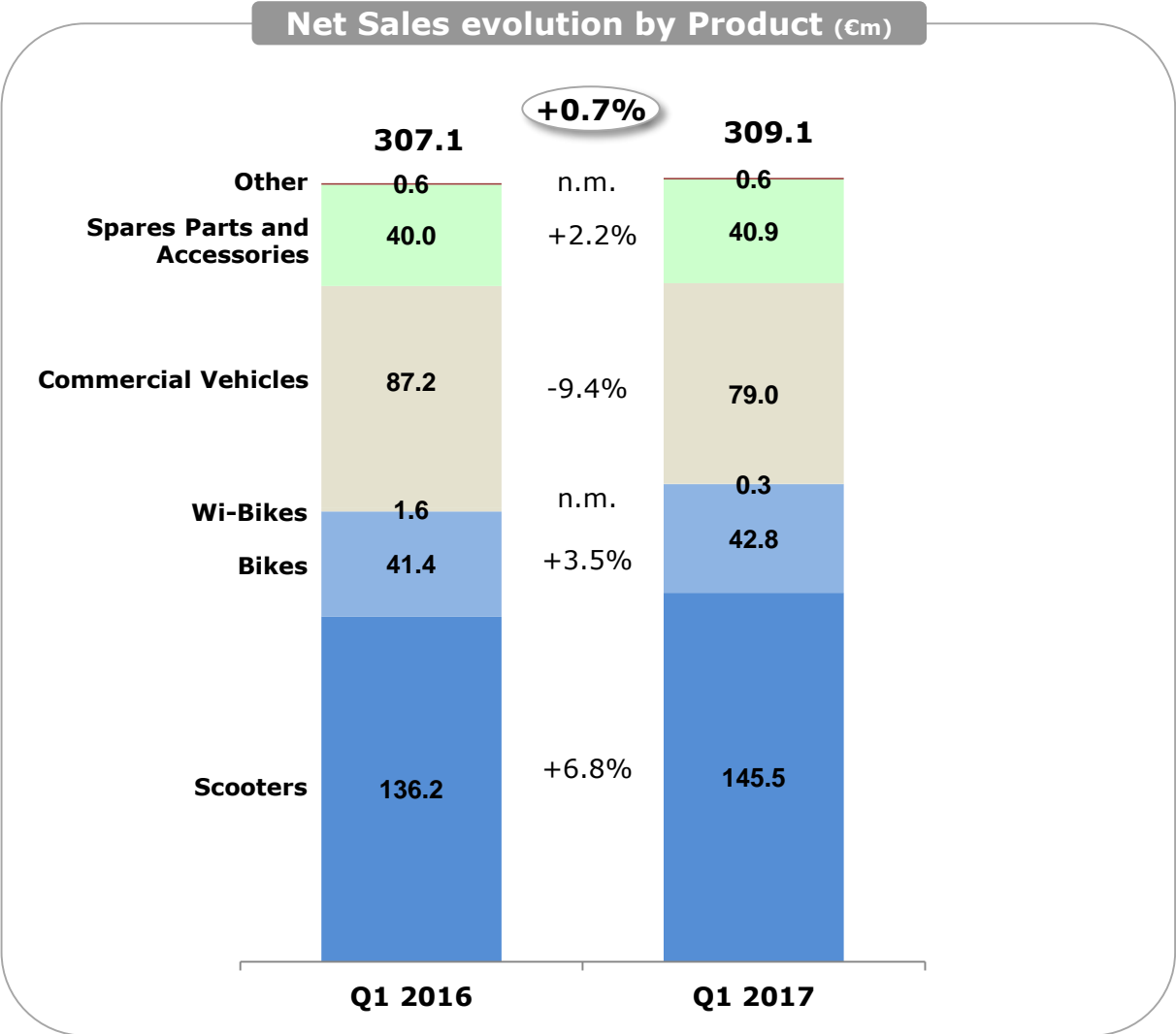
Volumes in line with PY underpinned by the positive performance in Western Countries and additional contribution of the Aprilia SR in India...



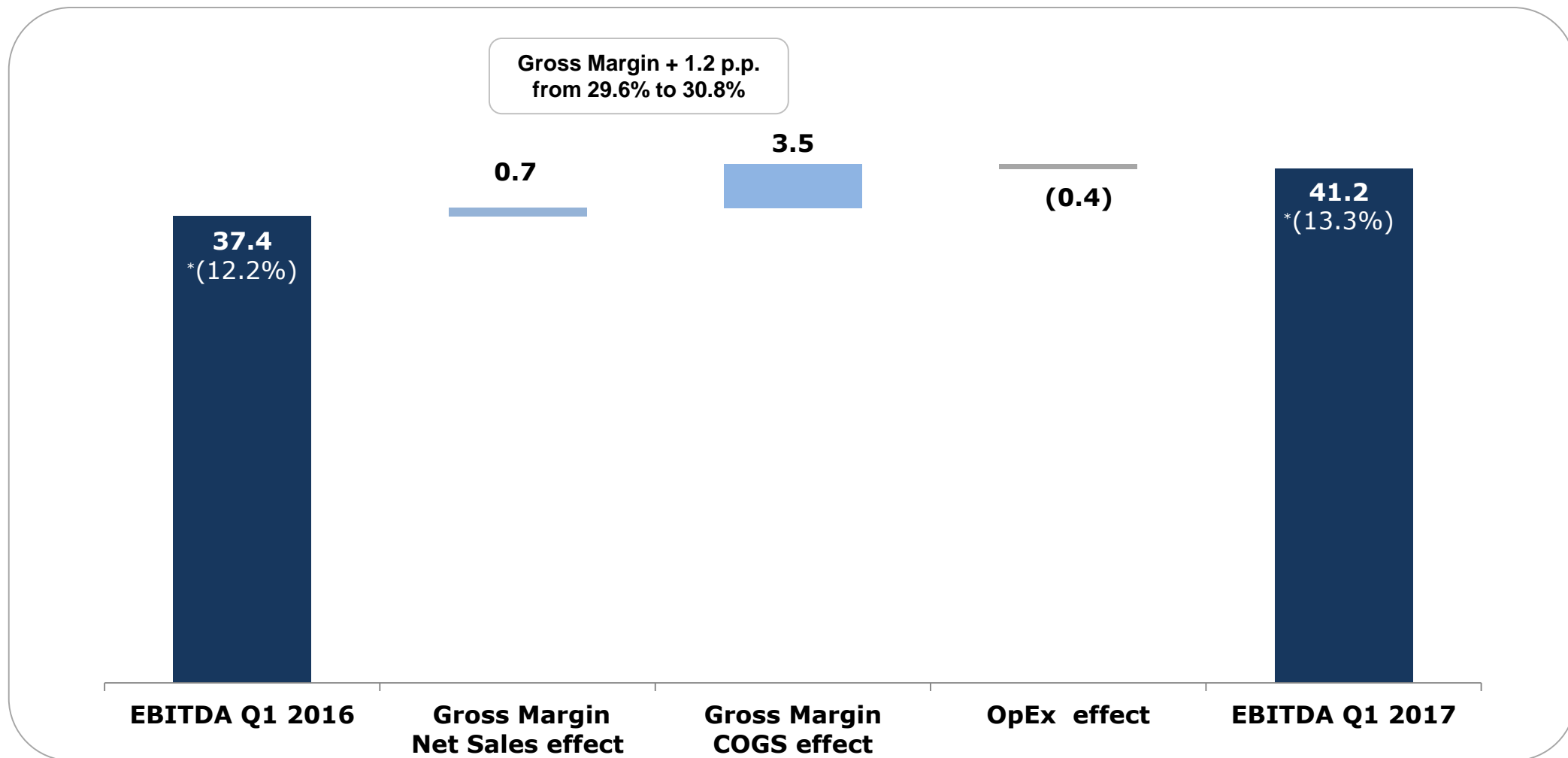
...led Net Sales slightly up compared to PY



Scooters revenue growth driven by healthy performance in Western Countries and India; remarkable Vespa results in Western Countries and Asia. Bikes positive performance mainly driven by Moto Guzzi

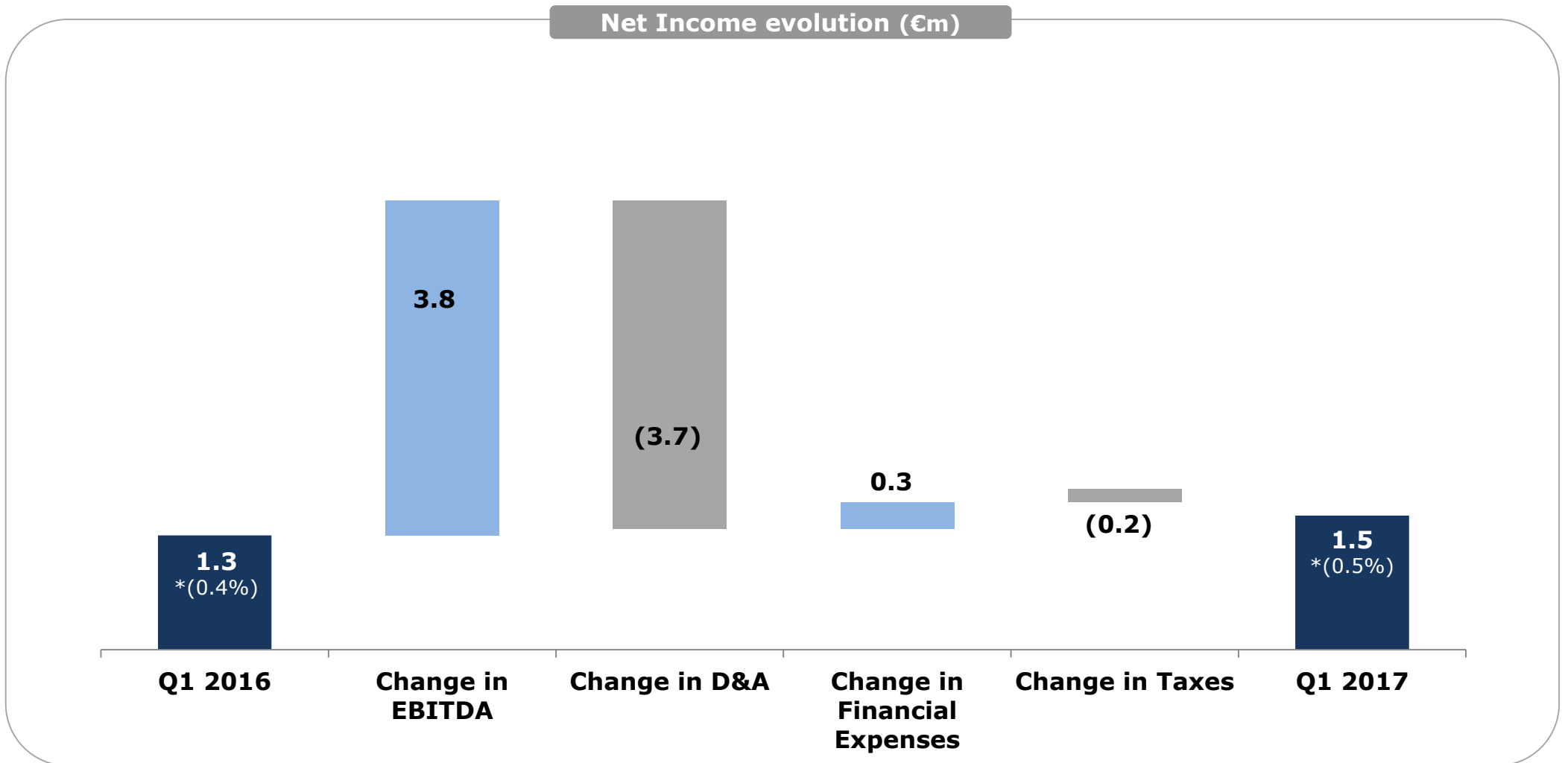


Heightened product profitability coupled with Operating Expenses containment drove significant EBITDA uplift to peak levels, topping 13.3 p.p. on Sales, the best performance to date, ...



* % on Net Sales

...and led Net Result above prior year, despite significantly higher D&A



* % on Net Sales

To sum up

P&L (€m)

	2016	2017	Change 2017 vs. 2016		
			Absolute	%	% excl. FX (*)
Net Sales	307.1	309.1	2.1	+0.7%	~ -0.6%
Gross Margin	90.8	95.1	4.3	+4.7%	~ +4.4%
<i>% on Net Sales</i>	29.6%	30.8%	+1.2%		
EBITDA	37.4	41.2	3.8	+10.2%	~ +10.4%
<i>% on Net Sales</i>	12.2%	13.3%	1.2%		
Depreciation	(26.5)	(30.2)	(3.7)	+14.1%	
EBIT	10.9	10.9	0.1	+0.7%	
<i>% on Net Sales</i>	3.5%	3.5%	0.0%		
Financial Expenses	(8.8)	(8.5)	0.3	-3.4%	
Income before tax	2.1	2.5	0.4	+17.9%	
Tax	(0.8)	(1.0)	(0.2)	+17.9%	
Net Income	1.3	1.5	0.2	+17.9%	
<i>% on Net Sales</i>	0.4%	0.5%	0.1%		

NFP (€m)

	31.03.2016	31.03.2017	Change
Net Financial Position	(554.4)	(532.4)	22.0

Cash Flow (€m)

	Q1 2016	Q1 2017	Change
Cash Flow	(56.2)	(41.4)	+14.8

(*) Figures at constant exchange rates are management estimates calculated using the average exchange rates for the corresponding period in the previous year

Better Cash Flow led NFP below Q1 2016 level

