



# Piaggio Group

First Quarter of 2019 Financial Results

Conference Call | May 7<sup>th</sup> 2019

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# Foreword – IFRS 16

- Starting from 2019 Piaggio applies IFRS 16
- In this presentation, to provide a better comparison of information from different years, 2019 data are presented also ex IFRS 16

# Highlights (1/2)

Glowing start to the year with strong improvement of all key metrics and profitability reaching an all-time high

## Volumes k units



+ 8.2 %



+24.5 %

## Net Sales €m



+ 10.8 %

Highest growth rate  
since 2010

## EBITDA\* €m (Margin %)



+ 10.2 %

First Quarter  
All-Time High

## Cash Flow\* €m



+ 29.3

Lowest Q1 seasonal  
cash absorption  
since 2007

\* ex IFRS 16

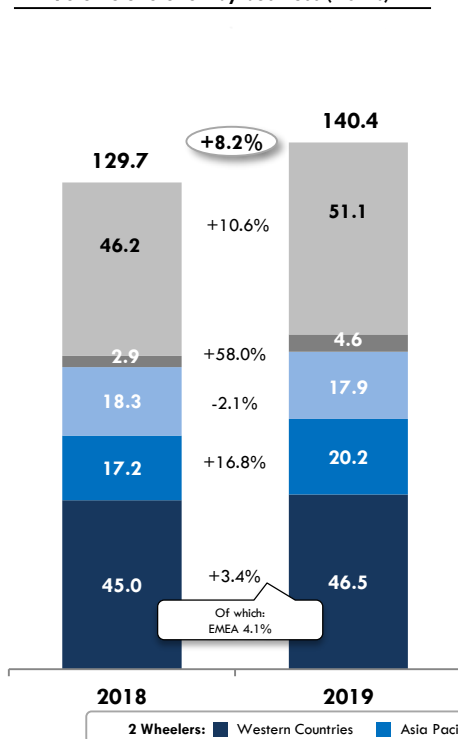
## Market demand

### Strong European rebound dented by India weakness and patchy trends in Asia Pac

- Western Countries demand ended above prior year:
  - European 2 Wheelers demand surged across product and displacement segments, signaling that the long awaited replacement cycle begins to kick in:
    - Scooter climbed ~26%, with double-digit growth spread across all countries, boosted by 50cc vehicles which ended up ~39% followed by over 50cc vehicles which ended up ~20% on top of tough comparison base
    - Bikes confirmed prior year positive momentum growing ~20%, with healthy trend spread across all countries
  - North America continued to be a drag, namely with US Scooter which ended down double-digits, thus reaching the ninth straight quarter of decline
- Asia Pacific posted mixed demand trends:
  - Indonesia prior year upward trend further accelerated leading to double-digits demand growth
  - Thailand ended flat, confirming prior year lackluster trend
  - Vietnam reverted the positive trend of prior year edging down mid-single digit
- India demand edged down on extremely challenging comparison base:
  - 3 Wheelers declined by ~9% reflecting diverging dynamics, with Cargo ending up ~6% confirming positive momentum, while Pax took a downward turn ending down ~12% on tough comparison base as last year release of new licenses inflated market demand
  - Scooters took a breather after 11 years straight growth ending down ~16%, also affected by price hikes linked to new regulations

# Evolution by business

Volume evolution by business (k units)



## Highlights

Synchronized revenue growth in all regions and businesses, led by strong growth in Emerging Countries, while European healthy performance bodes well for Q2

### CV India

Growth driven by sound domestic performance outstripping market trend and surging exports

### CV Western Countries

Remarkable results, both in export and European markets, mainly boosted by 3 Wheeler sales

### 2W India

Revenue growth underpinned by surging exports

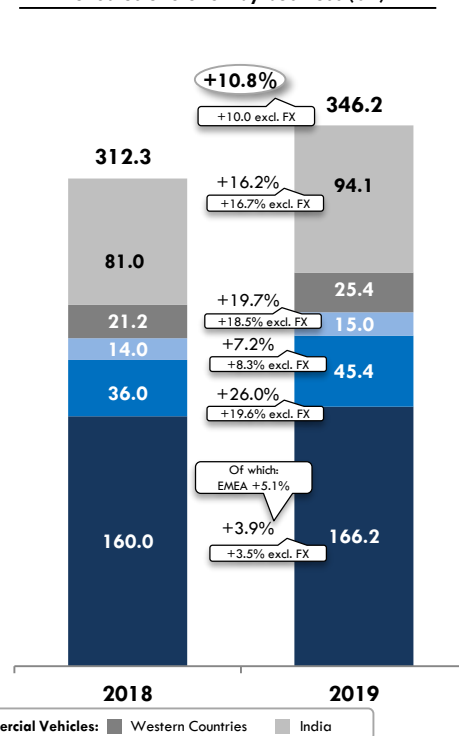
### 2W Asia Pacific

Outstanding results with revenues growth mainly driven by China, Vietnam, Indonesia and Thailand

### 2W Western Countries

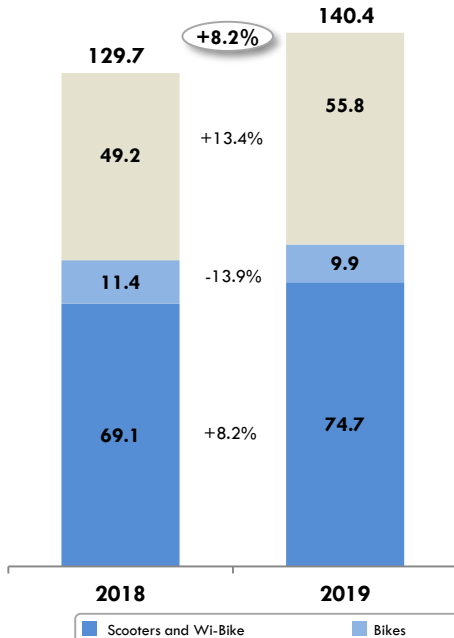
Although mitigated by dealers' stock drawdown, Europe posted sound revenue growth more than offsetting the protracted dilutive effect of Americas

Net Sales evolution by business (€m)



# Evolution by product

Volume evolution by product (k units)



Highlights

Strong start to the year for Scooters with revenues on the rise in all main geographical areas; Bikes revenues growth mainly driven by Moto Guzzi

### Commercial Vehicles

Strong performance among geographies boosted by surging exports

### Bikes

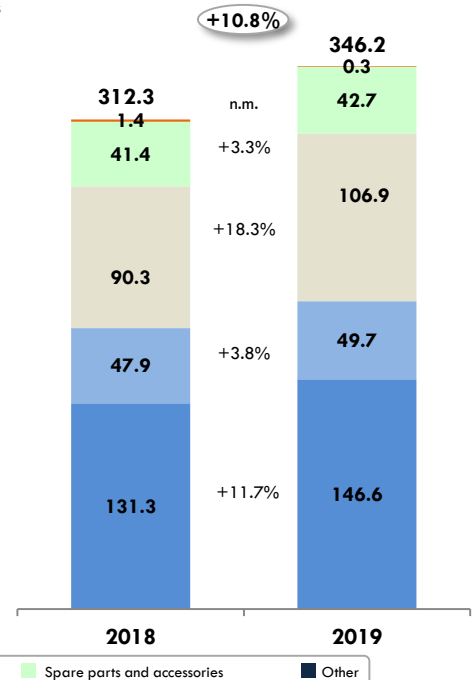
Revenue growth driven by mix shift towards high displacement products as well as the outstanding performance of Moto Guzzi V85 TT

### Scooters

Widespread positive performance with revenue growth mainly driven by MP3 and Vespa:

- MP3 revenues grew high double-digits ahead of the upcoming launch of the new 300cc engine version
- Vespa revenues grew high single-digit mainly benefitting from surging results in Asia Pacific

Net Sales evolution by product (€m)



**V85TT** MOTO GUZZI



**First classic  
tourer  
enduro**

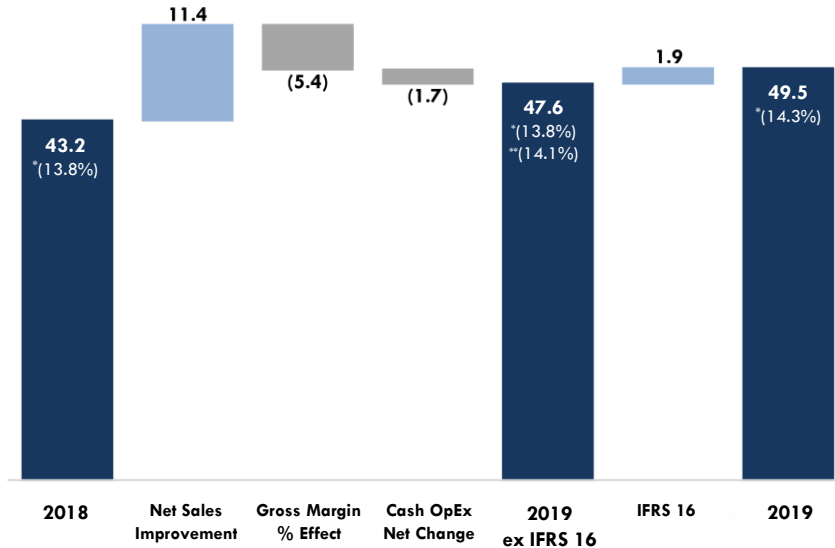
**~12,000  
test rides**  
booked from  
bikers all over  
Europe

**~ 1,200 units sold**  
in Q1  
(product launched at the end of February)



# EBITDA Evolution

## EBITDA evolution (€m)



## Highlights

Top line growth coupled with the ability to rein in Operating Expenses increase drove another **EBITDA\*\*\* uplift to ~48 €m with margin on sales\*\*\* @ 13.8% (14.1% @constant forex), the best performance to date**

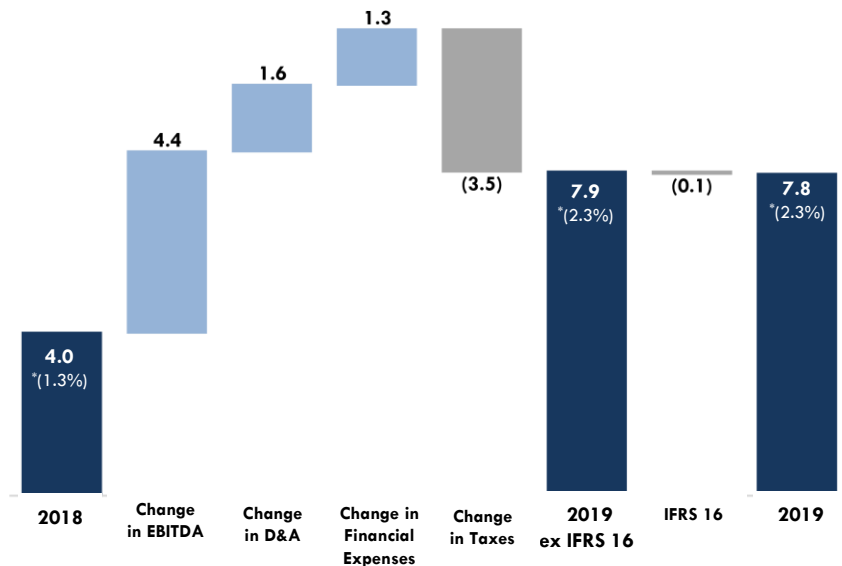
**Gross Margin up by ~7€m**, driven by Net Sales increase more than offsetting dilutive ForEx & geographical mix effect

**Cash OpEx slightly up vs. PY** to support business growth

\* % On Net Sales \*\* Excluding FX Effect \*\*\* ex IFRS 16

# Net Income Evolution

## Net Income evolution (€m)



\* % On Net Sales \*\*ex IFRS16

## Highlights

**Net Result\*\* surged 99% vs. PY**, with significant uplift in the **ratio on Net Sales (+1.0 p.p.)** topping 2.3%

**D&A slightly down**, in line with full year guidance

**Financial expenses down**, in line with full year guidance, primarily driven by lower cost of funding and lower level of average debt

**Taxes rate @ 45%**, in line with full year guidance

# To sum up

## P&L (€m) – ex IFRS 16

	Q1 '18	Q1 '19	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
<b>Net Sales</b>	<b>312.3</b>	<b>346.2</b>	<b>33.9</b>	<b>10.8%</b>	<b>~ +10.0%</b>
<b>Gross Margin</b>	<b>96.7</b>	<b>103.9</b>	<b>7.3</b>	<b>7.5%</b>	<b>~ +8.0%</b>
% on Net Sales	31.0%	30.0%	-0.9%		
<b>EBITDA</b>	<b>43.2</b>	<b>47.6</b>	<b>4.4</b>	<b>10.2%</b>	<b>~ +12.5%</b>
% on Net Sales	13.8%	13.8%	-0.1%		
Depreciation	(28.7)	(27.1)	1.6	-5.7%	
<b>EBIT</b>	<b>14.5</b>	<b>20.5</b>	<b>6.0</b>	<b>41.7%</b>	
% on Net Sales	4.6%	5.9%	1.3%		
Financial Expenses	(7.5)	(6.2)	1.3	-17.8%	
<b>Income before tax</b>	<b>7.0</b>	<b>14.3</b>	<b>7.4</b>	<b>106.2%</b>	
Tax	(3.0)	(6.5)	-3.5	115.8%	
<b>Net Income</b>	<b>4.0</b>	<b>7.9</b>	<b>3.9</b>	<b>99.0%</b>	
% on Net Sales	1.3%	2.3%	1.0%		

## NFP (€m) – ex IFRS 16

	31.03.2018	31.03.2019	Change
<b>NFP</b>	<b>(502.9)</b>	<b>(456.1)</b>	<b>+46.8</b>

## Cash Flow (€m) – ex IFRS 16

	Q1 '18	Q1 '19	Change
<b>Cash Flow</b>	<b>(56.2)</b>	<b>(26.9)</b>	<b>+29.3</b>

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

# To sum up

## P&L (€m)

	Q1 '18	Q1 '19	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
<b>Net Sales</b>	<b>312.3</b>	<b>346.2</b>	<b>33.9</b>	<b>10.8%</b>	<b>~ +10.0%</b>
<b>Gross Margin</b>	<b>96.7</b>	<b>103.9</b>	<b>7.3</b>	<b>7.5%</b>	<b>~ +8.0%</b>
% on Net Sales	31.0%	30.0%	-0.9%		
<b>EBITDA</b>	<b>43.2</b>	<b>49.5</b>	<b>6.3</b>	<b>14.5%</b>	<b>~ +16.8%</b>
% on Net Sales	13.8%	14.3%	0.5%		
Depreciation	(28.7)	(28.8)	-0.1	0.3%	
<b>EBIT</b>	<b>14.5</b>	<b>20.7</b>	<b>6.2</b>	<b>42.6%</b>	
% on Net Sales	4.6%	6.0%	1.3%		
Financial Expenses	(7.5)	(6.4)	1.1	-14.8%	
<b>Income before tax</b>	<b>7.0</b>	<b>14.2</b>	<b>7.3</b>	<b>104.9%</b>	
Tax	(3.0)	(6.4)	-3.4	114.4%	
<b>Net Income</b>	<b>4.0</b>	<b>7.8</b>	<b>3.9</b>	<b>97.7%</b>	
% on Net Sales	1.3%	2.3%	1.0%		

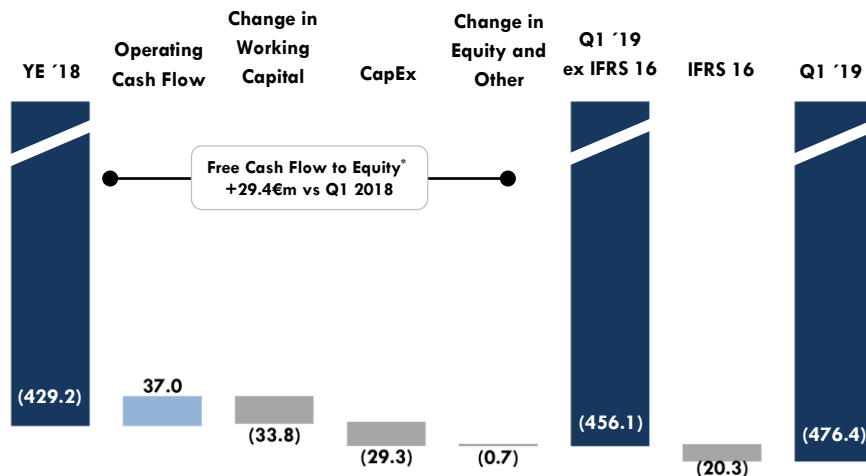
## NFP (€m)

	31.03.2018	31.03.2019	Change
<b>NFP</b>	<b>(502.9)</b>	<b>(476.4)</b>	<b>+26.5</b>

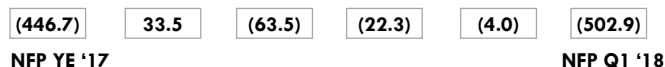
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# Net Financial Position

## 2019 Net Financial Position evolution (€m)



## 2018 Net Financial Position evolution (€m)



\* Obtained as the difference: Change in Net Debt minus Dividend and Buyback

## Highlights

**Significant Free Cash Flow to Equity\* improvement vs. Q1 '18 of ~29€m**

**Seasonal Cash Flow absorption significantly lower than PY**, despite step up in Capital Expenditure to strengthen our product line-up

**Significant lower Working Capital seasonal growth**, driven by containment of inventories and heightened efficiencies on payables, while keeping factoring on receivables in line with PY

**CapEx up by ~7€m**, consistent with FY target in the range 120-130 €m

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