



**PIAGGIO
GROUP**

**Piaggio Group
First Nine Months of 2018 Financial Results**

Conference Call | October 23rd 2017

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- Piaggio applies IFRS15 in 2018
- In this presentation to provide a better comparison of information from different years, 2017 data are restated in accordance with IFRS15 when presenting the 2018 corresponding accounts

Market demand

Positive demand in most of Piaggio's key reference markets

- Western Countries demand ended in line with prior year, but sequentially improving throughout the period:
 - European 2 Wheelers improving trend accelerated in Q3 leading to slight growth YTD, while diverging dynamics among segments persisted:
 - 50cc vehicles, still compensating for strong 2017 boosted by the shift from EURO2 to EURO4 engines, continued being a drag ending down ~24%
 - Over 50cc vehicles upward trend strengthened leading to high single-digit increase vs. prior year, with positive demand spread across all major countries
 - North America ended still slightly off prior year, although scooters posted an encouraging upward turn in Q3
- Asia Pacific posted healthy demand trends:
 - The Philippines confirmed to be the best performing market ending up mid twenties, followed by Indonesia up high single-digit and Vietnam ending up mid single-digit
 - Other Asian countries posted mixed but overall positive demand, with Thailand the lone major market ending flat
- India confirmed strong growth in all segments, although the positive trend softened as the year progressed:
 - 3 Wheelers surged ~50%, mainly driven by Pax segment up ~60%, with total demand reaching again an all-time high
 - 2 Wheelers confirmed the long-lasting growth trend ending up double-digits, notwithstanding the flattish scooter trend in Q3

Highlights (2/2)

Volumes k units



Vespa
~ +14 %

Net Sales €m



Q3 '18 Net Sales
+10.5 %

EBITDA €m (Margin %)



9M EBITDA Margin
@15.2 %
All-Time High

Net Debt/Cash Flow €m



FREE CASH FLOW to EQUITY**
~63 €M

* Restated according to new IFRS 15

** Change in Net Debt minus Dividend and Buy Back

Evolution by business

Volume evolution by Business (k units)

Highlights

Net Sales evolution by Business (€m)

Volume and Net Sales upward trend strengthened throughout the period on the back of continued bold performance of Emerging Countries and strong rebound in Q3 in Europe

CV India

Growth driven by sound domestic performance and surging exports

CV Western Countries

Positive performance mainly driven by boost in exports

2W India

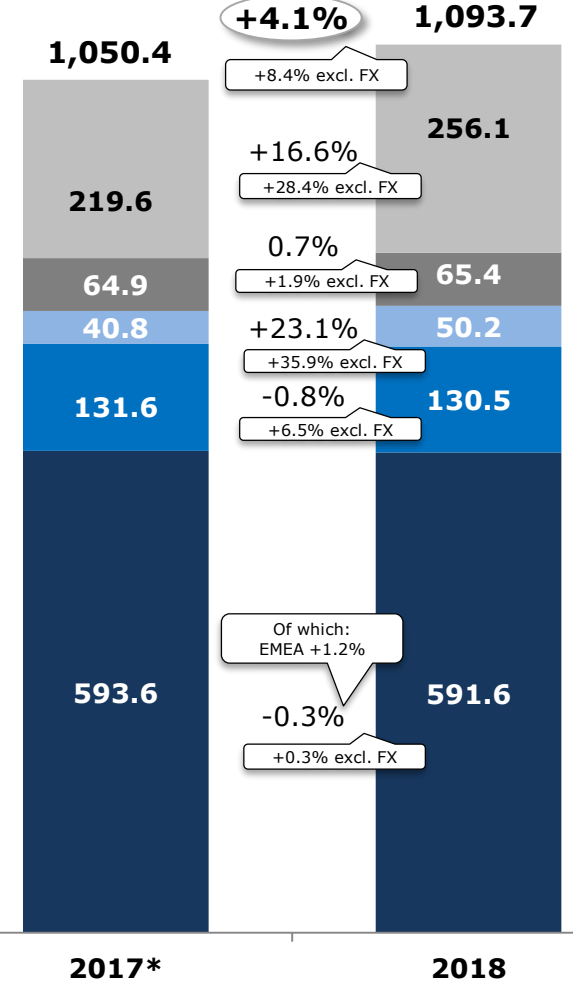
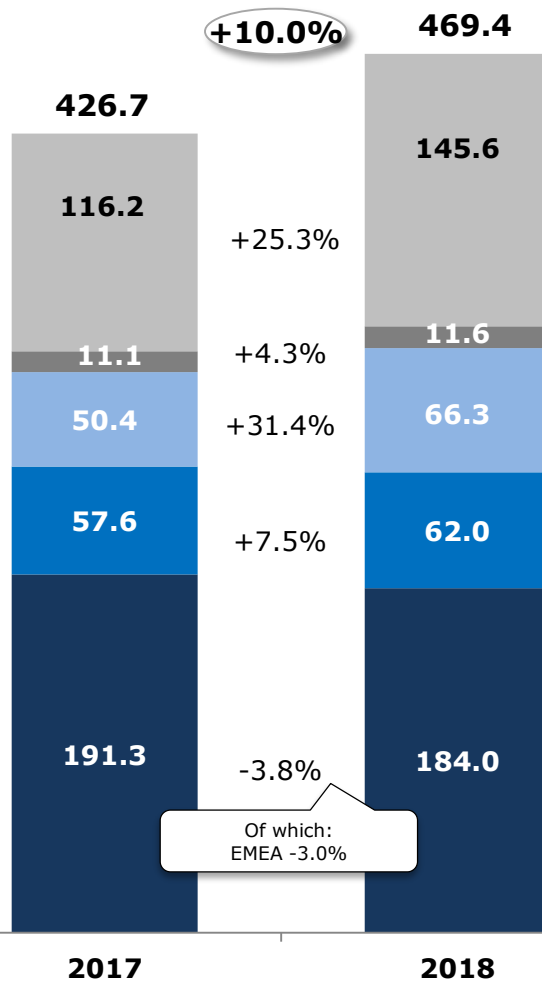
Outstanding performance, outstripping market trend, mainly driven by Vespa sales

2W Asia Pacific

Sound performance dented by FX effect, with Indonesia, China and Taiwan the best growing countries, while Vietnam took an encouraging upward shift in Q3

2W Western Countries

Strong uptick in Q3, reflecting improved European demand and market share gain on the back of successful new product launches, led revenues at 2017 level



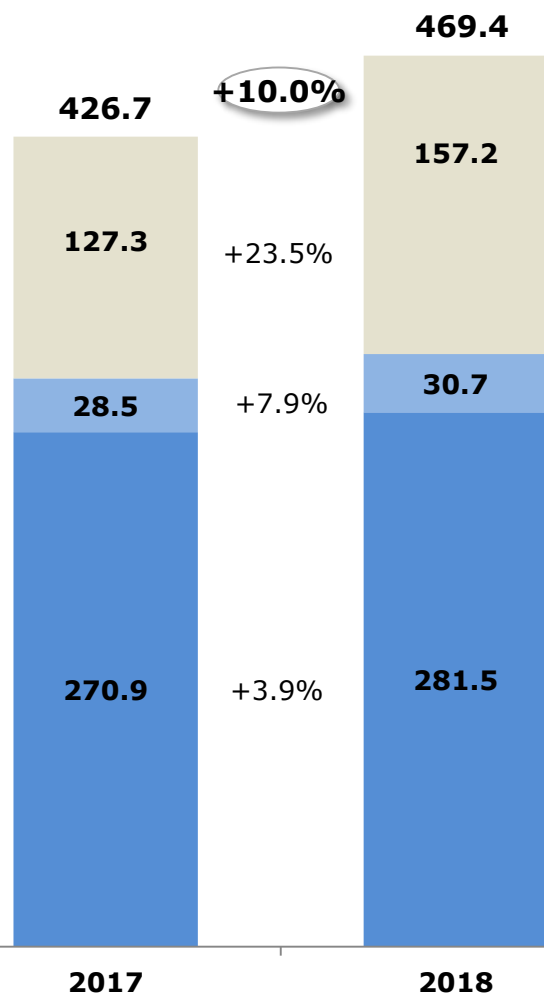
2 Wheelers: Western Countries Asia Pacific India

Commercial Vehicles: Western Countries India

* Restated according to new IFRS 15

Evolution by product

Volume evolution by Product (k units)



Highlights

Scooters performance shifted to positive behind European rebound in Q3 and continued healthy performance in Emerging Countries; Vespa confirmed as the key growth driver with sequentially stronger performance throughout the period. Bikes performance dented by US market weakness coupled with negative FX effect.

Commercial Vehicles

Strong performance on the back of positive demand trend in India and surging exports

Bikes

Volume growth driven by Derbi and Aprilia; revenues mainly affected by negative FX and prolonged US market weakness

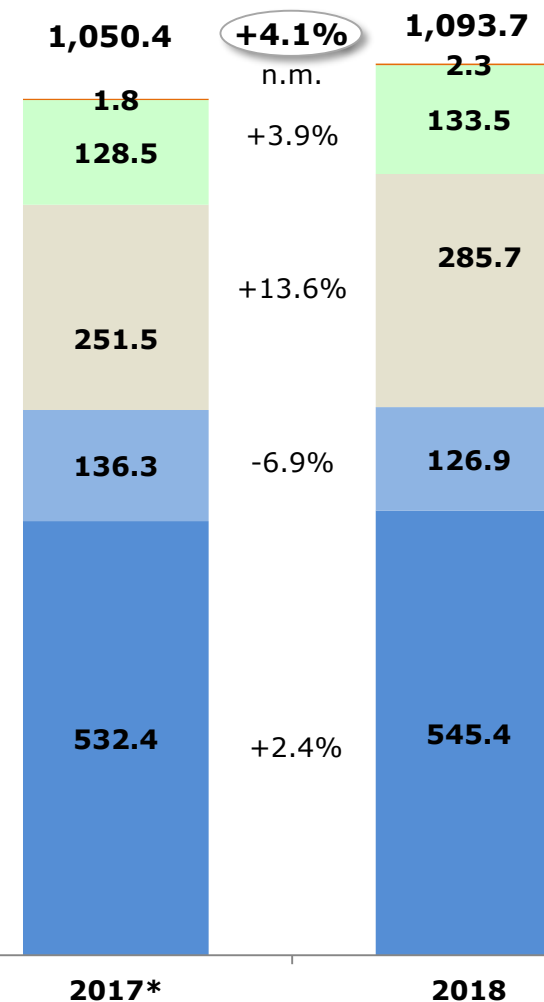
Scooters

Vespa outstanding performance stemmed from:

- Volume growth in all geographic areas, with a significant uplift in Europe in Q3 on the back of improved market conditions and successful launch of the new special editions
- Widespread positive price effect

Among other scooters MP3 stood out, as the upward trend strengthened significantly in Q3 behind the success of new version launch

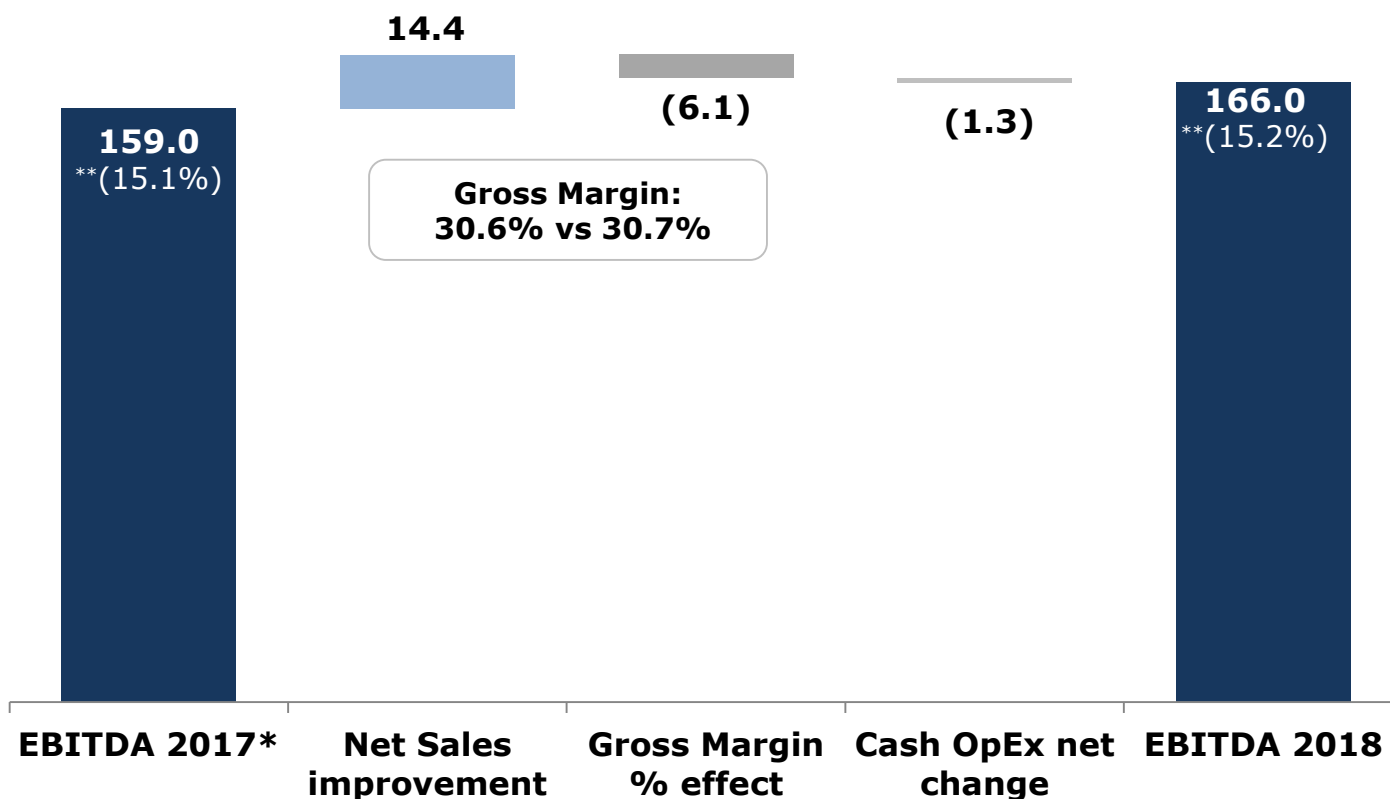
Net Sales evolution by Product (€m)



* Restated according to new IFRS 15

EBITDA evolution

EBITDA evolution (€m)



Highlights

Top line growth coupled with ability to limit Operating Expenses growth drove **another EBITDA step up to 15.2 p.p. on Sales (+0.1 p.p.), the best performance to date**, also benefiting from FX effect

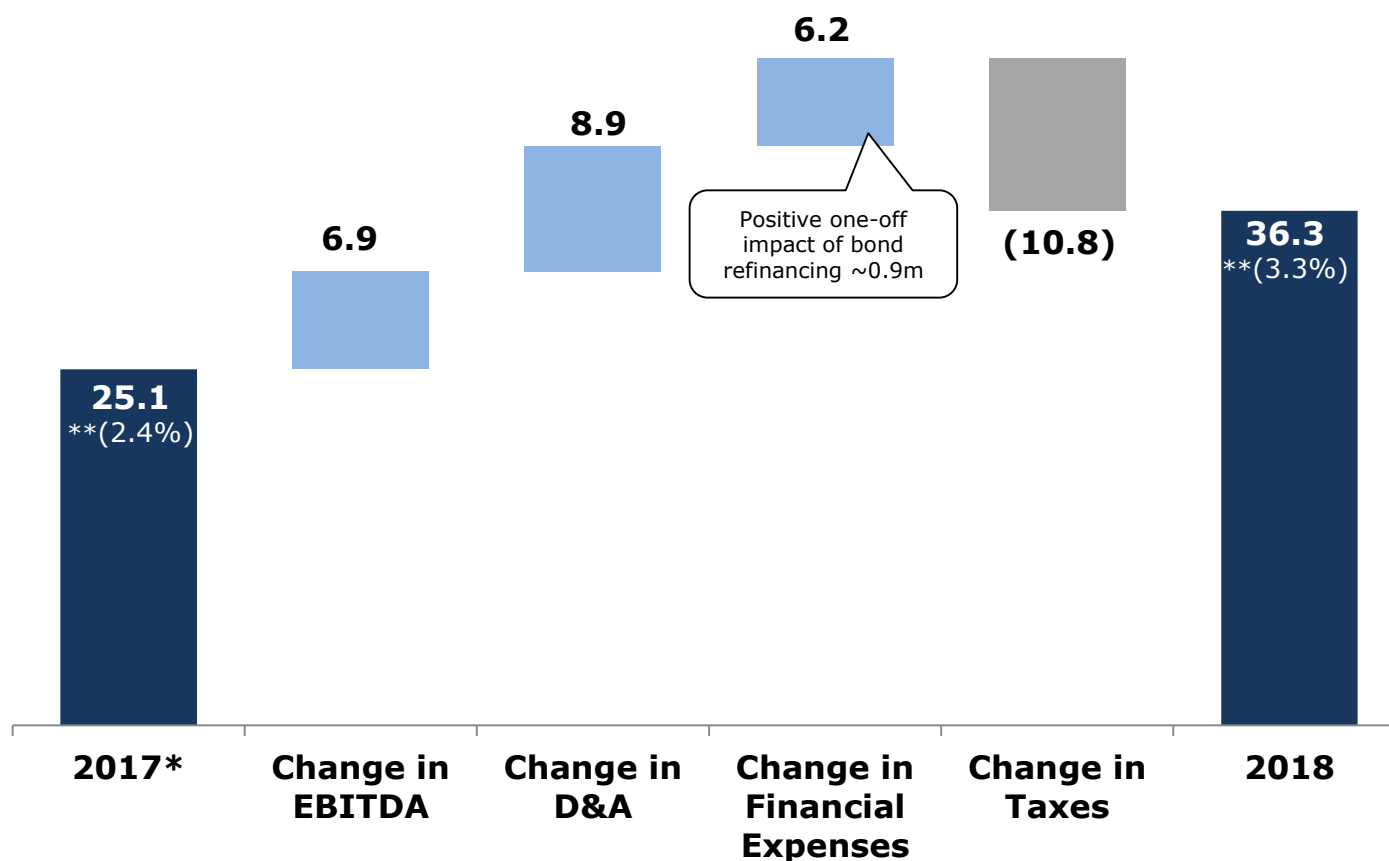
Gross Margin up by ~ 11€m, stemming from Net Sales increase

Cash OpEx broadly in line with PY, despite significant revenue growth and upfront marketing costs, further proving the ability to rein in SG&A whilst increasing spending in new initiatives

* Restated according to new IFRS 15 ** % on Net Sales

Net Income evolution

Net Income evolution (€m)



Highlights

Net Result surged 45% vs. PY, with significant uplift in the **ratio on Net Sales (+0.9 p.p.)** topping 3.3%, despite higher taxes

D&A down, in line with full year guidance reflecting recent year normalized level of CapEx

Financial expense down, primarily driven by lower level of average debt and positive effect of recent initiatives to lower the cost of funding; additionally benefitting from ~0.9€m of positive impact of bond refinancing

Taxes rate step up @ 45% vs. 43%, reflecting the different geographical mix of results

* Restated according to new IFRS 15 ** % on Net Sales

To sum up

P&L (€m)

	2017	2017 restated*	2018	Change 2018 vs. 2017 restated*		
				Absolute	%	% excl. FX**
Net Sales	1,057.3	1,050.4	1,093.7	43.3	4.1%	~ +8.4%
Gross Margin	327.1	322.9	334.4	11.4	3.5%	~ +5.9%
<i>% on Net Sales</i>	<i>30.9%</i>	<i>30.7%</i>	<i>30.6%</i>	<i>-0.2%</i>		
EBITDA	159.0	159.0	166.0	6.9	4.4%	~ +6.2%
<i>% on Net Sales</i>	<i>15.0%</i>	<i>15.1%</i>	<i>15.2%</i>	<i>0.0%</i>		
Depreciation	(89.9)	(89.9)	(81.0)	8.9	-9.9%	
EBIT	69.1	69.1	84.9	15.8	22.9%	
<i>% on Net Sales</i>	<i>6.5%</i>	<i>6.6%</i>	<i>7.8%</i>	<i>1.2%</i>		
Financial Expenses	(25.0)	(25.0)	(18.8)	6.2	-24.7%	
Income before tax	44.1	44.1	66.1	22.0	49.9%	
Tax	(19.0)	(19.0)	(29.7)	-10.8	56.8%	
Net Income	25.1	25.1	36.3	11.2	44.6%	
<i>% on Net Sales</i>	<i>2.4%</i>	<i>2.4%</i>	<i>3.3%</i>	<i>0.9%</i>		

NFP (€m)

	30.09.2017	30.09.2018	Change
NFP	(430.7)	(405.1)	+25.6

Cash Flow (€m)

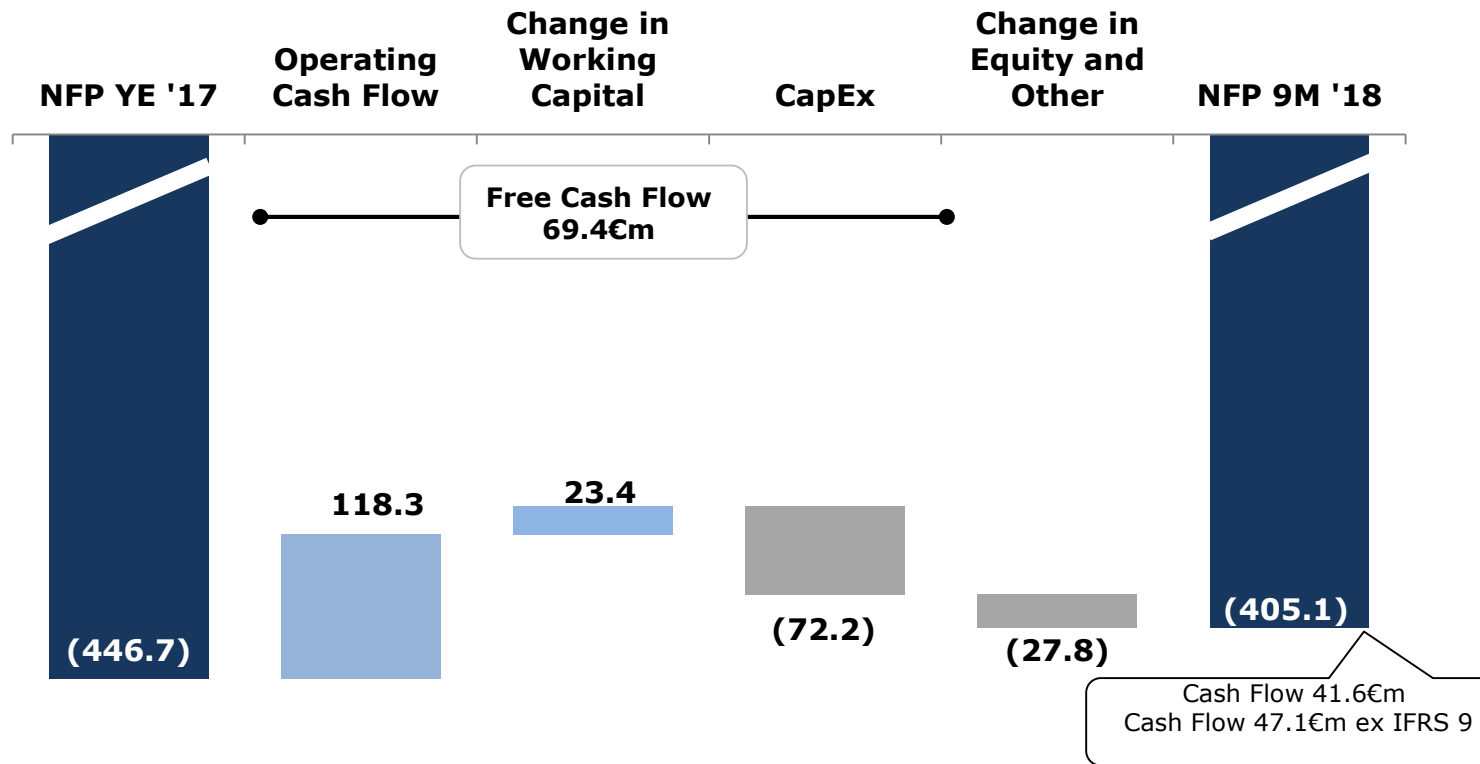
	9M 2017	9M 2018	Change
Cash Flow	60.2	41.6	-18.6

* Restated according to new IFRS 15

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

Net Financial Position

2018 Net Financial Position evolution (€m)



Highlights

Sound cash generation despite significantly higher CapEx, confirming our commitment to reduce debt whilst increasing investments to support new initiatives

Increased Working Capital cash generation on top of challenging comparison base

CapEx up by 17€m, consistently with FY target in the range 100 -110 €m, reflecting heightened focus on new product launches

2017 Net Financial Position evolution (€m)

