PIAGGIO GROUP

PRESS RELEASE

PIAGGIO GROUP: FIRST HALF 2015

Consolidated net sales 693.9 million euro (629 €/mln in H1 2014)

Ebitda 95.1 million euro (94 €/mln in H1 2014)
Ebitda margin 13.7% (15% in H1 2014)

Industrial gross margin 204.4 million euro (194.4 €/mln in H1 2014)
Return on net sales 29.5% (30.9% in H1 2014)

Ebit 42.9 million euro (51.1 €/mln in H1 2014)
Ebit margin 6.2% (8.1% in H1 2014)

Net profit 14.8 million euro (16.5 €/mln in H1 2014)

Net financial position -535.3 million euro
(-568.4 €/mln at 31 March 2015, -492.8 €/mln at 31 December 2014)

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The Piaggio Group reconfirms its leadership on the European two-wheeler market with a 14.6% overall share and a 24.8% share of the scooter sector

Revenue growth on all lines of business (two-wheelers, commercial vehicles, spares and accessories) and in the main geographical areas (EMEA, India, Asia Pacific)

In the scooter sector, revenue growth for the Vespa brand (+9.3%) and for the Piaggio Mp3 three-wheeler range (+24%)

In motorcycles, revenues rise 24.7% for Moto Guzzi and 16.4% for Aprilia

Milan, 30 July 2015 – At a meeting today chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the half-year report at 30 June 2015.

Piaggio Group business and financial performance in the first half to 30 June 2015[1]

Group **consolidated net sales** in the first half of 2015 totalled **693.9 million euro, an improvement of 10.3%** from 629 million euro at 30 June 2014 assisted by the positive exchange-rate effect.

The **industrial gross margin** for the first half was **204.4 million euro**, an increase of 10 million euro from the first half of 2014 (194.4 million euro), with a return on net sales of 29.5% (a slight decrease compared with 30.9% at 30 June 2014 due in part to the exchange-rate effect).

[1] The main alternative performance indicators used by the Piaggio Group, representing the data monitored by management are as follows:
- EBITDA: earnings (EBIT) before amortisation and depreciation and impairment losses on property, plant and equipment and intangible assets, as reflected in the consolidated income statement;
- Industrial gross margin: net sales less costs to sell;
- Net financial position: gross financial debt less cash and cash equivalents, and other current financial receivables. Determination of the financial position does not include other financial assets and liabilities arising from measurement at fair value of derivatives designated or not as hedges, fair value adjustments of the related hedged items and related accruals.

Operating expense in the first half of 2015 amounted to **161.5** million euro (143.3 million euro at 30 June 2014). It comprised amortisation and depreciation not included in the industrial gross margin, for 32.3 million euro (25.6 million euro at 30 June 2014).

The progress in the income statement described above generated **consolidated EBITDA of 95.1 million euro**, up from 94 million euro in the first half of 2014. The **EBITDA margin** was 13.7% (15% in the first half of 2014).

EBIT in the first half of 2015 was **42.9 million euro**, down by 8.2 million euro from 51.1 million euro in the first half of 2014 as a result of higher amortisation and depreciation for 9.2 million euro. The **EBIT margin** was 6.2% (8.1% at 30 June 2014).

The Piaggio Group closed the first half of 2015 with **profit before tax** of **24.6 million euro**, compared with 27.5 million euro at 30 June 2014. Income tax for the period was 9.9 million euro (11 million euro in the first half of 2014), with an impact on pre-tax profit of 40%.

The first half of 2015 closed with a **net profit of 14.8 million euro**, compared with 16.5 million euro at 30 June 2014.

Net debt at 30 June 2015 was **535.3 million euro,** an improvement on 568.4 million euro at 31 March 2015. The increase of 42.5 million euro from the end of 2014 (492.8 million euro at 31 December 2014) was due in part to higher capital expenditure (+5.3 million euro from the first half of 2014) in connection with the important new product launch program.

Operating cash flow in the first half increased to 63.9 million euro, up by 6.8 million euro from 57.1 million euro in the first half of 2014.

Shareholders' equity at 30 June 2015 was **409.8 million euro** (413.1 million euro at 31 December 2014).

Piaggio Group **capital expenditure** in the first half of 2015 amounted to **43.5 million euro** (38.2 million euro at 30 June 2014), of which **27 million euro for R&D expenditure** (23.8 million euro at 30 June 2014) and approximately 16.5 million euro in property, plant and equipment, investment property and intangible assets (14.4 million euro at 30 June 2014).

The total workforce of the Piaggio Group at 30 June 2015 numbered **7,675 employees,** from 7,734 at 30 June 2014. The Group's Italian employees numbered 3,718, substantially unchanged from the previous year.

Business performance in the six months to 30 June 2015

In the first half of 2015, the **Piaggio Group sold 269,600 vehicles worldwide** (278,500 in the year-earlier period).
Performance in sales was achieved despite the persistent weakness of the European scooter market (-1% overall from the first half of 2014), the volatility of demand in the two-wheeler sector on the emerging markets and the sharp slowdown on the Indian three-wheel commercial vehicle market. The fall in Group sales volumes was effectively counterbalanced both by the shift in the product mix to **vehicles with higher value per unit** and by the Piaggio Group's **premium price** policy.

In the **two-wheeler sector,** the Group shipped 175,700 vehicles (181,100 in the first half of 2014), for **net sales of 496.3 million euro, up by 8.1%** from 459 million euro in the year-earlier period. The figure includes **spares and accessories,** which generated **sales of 65.1 million euro in the two-wheeler sector, an improvement of 11.3%** from the first half of 2014.

The Piaggio Group reported **revenue growth** in all the main **regions** where it operates in the **two-wheeler sector,** with turnover of 394.4 million euro in the EMEA and Americas areas (+5.2%

on the first half of 2014), 90.5 million euro in Asia Pacific (+19.4%) and 11.3 million euro in India (+35.9%).

On the **European market,** the Piaggio Group confirmed its **leadership in two-wheelers** with an overall market share of **14.6%,** rising to **24.8%** in the scooter sector (with a lead of approximately 12 percentage points over the second competitor).

In **scooters,** the Group reported **higher revenues** for the **Vespa** brand (+9.3%) and the **Piaggio Mp3** three-wheel scooter range (+24%). Revenue growth was also recorded for **motorcycles,** with an improvement of 24.7% for **Moto Guzzi** and 16.4% for the **Aprilia** brand, thanks to the success of the key **new products** launched by Piaggio during 2015: the Audace and the Eldorado 1400 for Moto Guzzi, and the RSV4 RR and RF, the Tuono 1100 Factory and RR and the Caponord 1200 Rally for Aprilia.

In **Commercial Vehicles,** the Group shipped **94,000 vehicles** (97,400 in the first half of 2014) for **revenues of 197.6 million euro, up by 16.3%** from 169.9 million euro in the year-earlier period. The figure includes spare parts and accessories, which generated **sales of 19.5 million euro (+15.5%** from 16.9 million euro at 30 June 2014).

In commercial vehicles, in the **EMEA and Americas** areas, the Piaggio Group reported net sales of 39.1 million euro, for revenue growth of 19.6%. In **India,** net sales at the subsidiary **Piaggio Vehicles Private Limited** (PVPL) totalled **158.5 million euro** (+15.5% on 137.2 million euro in the first half of 2014). The PVPL production hub exported 10,407 three-wheel vehicles. In **India**, the world reference market for **three-wheel commercial vehicles,** Piaggio strengthened its **market leadership in the cargo segment** with a market share of 55.4% (52.6% in the first half of 2014); it also had a significant share of the Passenger segment (26.3%) and an overall share of the Indian three-wheel market of 32.4%.

Significant events in the first half of 2015

In addition to the information provided at the time of approval of the 2015 first-quarter results (Board of Directors meeting of 8 May 2015):

On 13 April, the Piaggio & C. S.p.A. AGM elected the members of the Board of Directors: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Giuseppe Tesauro, Graziano Gianmichele Visentin, Maria Chiara Carrozza, Federica Savasi, Vito Varvaro and Andrea Formica. The AGM also appointed the Board of Statutory Auditors, approved distribution of a dividend of 0.072 euro per ordinary share and the cancellation of 2,466,500 own shares in portfolio.
On the same date, at a meeting after the AGM, the Piaggio & C. S.p.A. Board of Directors made the following appointments: Chairman and CEO Roberto Colaninno, Deputy Chairman Matteo Colaninno.

On 15 April 2015, the new Aprilia RSV4 RF and RR and the Aprilia Tuono 1100 Factory and RR motorcycles were launched.

On 21 April 2015, the Piaggio Vietnam factory in Vinh Phuc completed its 500,000th scooter since operations began. The scooter – a Vespa Sprint 125 – marked a new milestone in Piaggio Group operations on the markets in South East Asian.

On 23 April 2015, the new composition of Piaggio & C. S.p.A. share capital (fully subscribed and paid in) was registered with the Companies Register, after the cancellation of 2,466,500 own shares without change to share capital, as approved by the extraordinary shareholders' meeting on 13 April 2015. The share capital now stands at 207,613,944.37 euro, represented by 361,208,380 ordinary shares.

Also on 23 April 2015, the Indian subsidiary Piaggio Vehicles Private Ltd. obtained ISO 14001:2004 certification (environmental management systems) and OHSAS 18001:2007 certification (worker health and safety management systems) for the Commercial Vehicles and Engines factories.

On 21 May 2015, the Group presented the new Moto Guzzi Audace and Eldorado motorcycles.

On 9 June 2015, the Vespa 946 Emporio Armani made its international market debut; this is a limited-edition Vespa 946 developed through cooperation between Giorgio Armani and the Piaggio Group to celebrate two of the most world-famous symbols of Italian style and creativity. The Vespa 946 Emporio Armani marks the 40th anniversary of the foundation of Giorgio Armani and the 130th year of operation of the Piaggio Group.

On 15 June 2015, the Piaggio Fast Forward Inc. company was established as a subsidiary of Piaggio & C. S.p.A.. The company's operating offices are in the US state of Massachusetts, where it conducts research into innovative mobility and transport solutions.

Significant events after 30 June 2015

On 8 July 2015, Aprilia Racing and Marco Melandri reached a mutual agreement to terminate the rider's contract with Aprilia Racing.

On 16 July 2015, the world's first free-floating scooter-sharing scheme was launched in Milan. The service is offered by the Enjoy company and uses Piaggio Mp3 scooters. For the occasion, the Piaggio Group developed a special version of the Mp3 300LT Business ABS three-wheel scooter combining a full range of new features for localisation via smartphone and use of the vehicle in sharing mode. Under the initiative, an initial fleet of 150 scooters is to be delivered for the Enjoy scheme in Milan.

Outlook

In a general economic context likely to see a strengthening of the global economic upturn, where uncertainty will nonetheless remain with regard to the speed of European growth and the risk of a slowdown in some emerging countries, Piaggio Group commercial and industrial operations will focus on:

- confirming the Group leadership position on the European two-wheeler market, taking full advantage of the expected recovery through:
  - a further strengthening of the product range to grow motorcycle sales and margins with the renewed Moto Guzzi and Aprilia lines;
  - entry on to the e-bike market, leveraging the Group's leadership in technology and design;
  - maintenance of current positions on the European commercial vehicle market;
- a stronger positioning in the Asia Pacific region, by leveraging the premium strategy that has fuelled growth in the region to date, in part through the expansion of the product range. In 2015 the Group will also consolidate direct sales operations in China, in part through the opening of new sales outlets, with the aim of penetrating the premium segment of the two-wheeler market;
- strengthening sales on the Indian scooter market by extending the offer of Vespa products and introducing new models in the premium scooter and motorcycle segments;
- consolidating commercial vehicle sales in India and the emerging countries, aiming for further growth in exports to Africa and South America.

From a technology viewpoint, the Piaggio Group will continue development of technologies and platforms that focus on the functional and emotional aspects of its vehicles, through continuous development in power trains, wider use of digital platforms connecting user and vehicle, and trials of new product and service configurations.

At a more general level, the Group maintains its constant commitment – a characteristic of recent years and continuing in 2015 – to generate higher productivity through close attention to cost and investment efficiency, in compliance with the ethical principles adopted by the Group.

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Conference call with analysts

The presentation of the financial results as at and for the six months ended 30 June 2015, which will be illustrated during a conference call with financial analysts, is available on the corporate website at www.piaggiogroup.com/it/investor and on the "eMarket Storage" authorised storage mechanism on the website www.emarketstorage.com.

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The Piaggio Group consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as at and for the six months ended 30 June 2015 are set out below. The limited audit of the condensed consolidated half-year financial statements as at and for the six months ended 30 June 2015 has not yet been completed.

The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2 of art. 154 bis of Legislative Decree no. 58/1998 (Consolidated Law on Financial Intermediation), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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Disclaimer

In line with the recommendations of CESR Communication 05-178b, attention is drawn to the fact that this press release contains a number of indicators that, though not yet contemplated by the IFRS ("Non-GAAP Measures"), are based on financial measures envisaged by the IFRS. These indicators – presented in order to assist assessment of the Group's business performance – should not be considered as alternatives to those envisaged by the IFRS and are consistent with those in the Piaggio Group 2014 Annual Report and quarterly and half-year reports. Furthermore, since determination of such indicators is not specifically regulated by the IFRS, the methods used may not coincide with those adopted by other companies/groups, and consequently the indicators in question may not be comparable. In compliance with Consob Communication no. 9081707 of 16 September 2009, it should be noted that the alternative performance indicators ("Non-GAAP Measures") have not been audited by the independent auditors.

This press release may contain forward-looking statements relating to future events and Piaggio Group business and financial results. By their nature, these statements are subject to inherent risks and uncertainties, since they relate to events and depend on circumstances that may or may not occur or exist in the future. Actual results may differ materially from those expressed in such statements as a result of a variety of factors.

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PIAGGIO GROUP

Consolidated Income Statement

	H1 2015		H1 2014	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net Sales	**693,886**	**167**	**628,977**	**58**
Cost of materials	409,794	16,549	360,794	12,405
Cost of services and use of third-party assets	119,029	1,892	109,201	1,811
Employee expenses	113,920		110,424	
Depreciation and impairment property, plant and equipment	23,695		20,909	
Amortisation and impairment intangible assets	28,449		22,055	
Other operating income	55,418	403	54,770	2,287
Other operating expense	11,494	12	9,283	11
EBIT	**42,923**		**51,081**	
Share of result of associates	246	246		
Finance income	364		498	
Finance expense	18,994	90	23,591	215
of which non-recurring			2,947	
Net exchange-rate gains/(losses)	94		(511)	
Profit before tax	**24,633**		**27,477**	
Income tax expense	9,853		10,990	
Profit from continuing operations	**14,780**		**16,487**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit for the period	**14,780**		**16,487**	
Attributable to:				
Equity holders of the parent	**14,788**		**16,454**	
Minority interests	**(8)**		**33**	
Earnings per share (in €)	**0.041**		**0.046**	
Diluted earnings per share (in €)	**0.041**		**0.046**	

Consolidated Statement of Comprehensive Income

In thousands of euro	H1 2015	H1 2014
Profit for the period (A)	**14,780**	**16,487**
Items that may not be reclassified to profit or loss		
Re-measurement of defined benefit plans	2,102	(2,191)
Total	**2,102**	**(2,191)**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	5,098	1,040
Total gains (losses) on cash flow hedges	752	(929)
Total	**5,850**	**111**
Other comprehensive income (expense) (B)*	**7,952**	**(2,080)**
Total comprehensive income (expense) for the period (A + B)	**22,732**	**14,407**

* Other comprehensive income (expense) takes related tax effects into account

Attributable to:		
Equity holders of the parent	**22,707**	**14,393**
Minority interests	**25**	**14**

PIAGGIO GROUP

Consolidated Statement of Financial Position

	At 30 June 2015		At 31 December 2014	
	Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euro				
ASSETS				
Non-current assets				
Intangible assets	671,766		668,354	
Property, plant and equipment	306,143		307,561	
Investment property	11,814		11,961	
Equity investments	9,808		8,818	
Other financial assets	24,979		19,112	
Non-current tax receivables	3,813		3,230	
Deferred tax assets	46,467		46,434	
Trade receivables				
Other receivables	14,085	153	13,647	197
Total non-current assets	**1,088,875**		**1,079,117**	
Assets held for sale				
Current assets				
Trade receivables	160,137	872	74,220	856
Other receivables	34,409	8,717	36,749	9,440
Current tax receivables	35,133		35,918	
Inventories	246,499		232,398	
Other financial assets				
Cash and cash equivalents	120,683		98,206	
Total current assets	**596,861**		**477,491**	
TOTAL ASSETS	**1,685,736**		**1,556,608**	

	At 30 June 2015		At 31 December 2014	
	Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euro				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	408,847		412,147	
Share capital and reserves attributable to minority interests	947		922	
Total shareholders' equity	**409,794**		**413,069**	
Non-current liabilities				
Borrowings due after one year	533,092	2,900	506,463	2,900
Trade payables				
Other non-current provisions	10,810		10,394	
Deferred tax liabilities	5,992		5,123	
Pension funds and employee benefits	51,698		55,741	
Non-current tax payables				
Other non-current payables	4,699		3,645	
Total non-current liabilities	**606,291**		**581,366**	
Current liabilities				
Borrowings due within one year	147,126		102,474	
Trade payables	441,677	17,039	386,288	15,580
Tax liabilities	12,146		14,445	
Other current liabilities	58,305	8,543	49,148	8,397
Current portion of other non-current provisions	10,397		9,818	
Total current liabilities	**669,651**		**562,173**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,685,736**		**1,556,608**	

Consolidated Statement of Cash Flows

	H1 2015		H1 2014	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating activities				
Consolidated net profit (loss)	14,788		16,454	
Earnings attributable to minority interests	(8)		33	
Tax for the period	9,853		10,990	
Depreciation property, plant and equipment	23,695		20,621	
Amortisation intangible assets	28,449		22,055	
Allowances for risks, retirement funds and employee benefits	9,777		8,964	
Writedowns / (Revaluations)	969		(4,285)	
Losses / (Gains) on sale of property, plant and equipment	(70)		(833)	
Finance income	(239)		(460)	
Finance expense	18,781		22,092	
Income from public grants	(1,258)		(861)	
Share of results of associates	(246)			
Change in working capital:				
(Increase)/Decrease in trade receivables	(84,948)	(17)	(51,793)	88
(Increase)/Decrease in other receivables	1,902	767	(2,135)	(3,020)
(Increase)/Decrease in inventories	(14,101)		(38,833)	
Increase /(Decrease) in trade payables	55,389	1,459	73,818	3,733
Increase /(Decrease) in other payables	10,211	146	9,427	1,967
Increase /(Decrease) in provisions for risks	(5,278)		(10,202)	
Increase /(Decrease) in retirement funds and employee benefits	(7,878)		(1,175)	
Other changes	(1,533)		(19,651)	
Cash generated by operating activities	**58,255**		**54,226**	
Interest paid	(18,994)		(16,596)	
Tax paid	(8,715)		(6,776)	
Cash flow from operating activities (A)	**30,546**		**30,854**	
Investing activities				
Investment in property, plant and equipment	(13,950)		(12,528)	
Sale price or redemption value of property, plant and equipment	274		1,103	
Investment in intangible assets	(29,542)		(25,702)	
Sale price or redemption value of intangible assets	44		44	
Sale price of financial assets			838	
Interest collected	203		370	
Cash flow from investing activities (B)	**(42,971)**		**(35,875)**	
Financing activities				
Exercise of stock options			5,139	
Outflow for dividends paid	(26,007)			
Loans received	86,439		146,452	
Outflow for loan repayments	(21,357)		(98,309)	
Finance leases received			267	
Repayment of finance leases	(16)		(491)	
Cash flow from financing activities (C)	**39,059**		**53,058**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	26,634		48,037	
Opening balance	**90,125**		**52,816**	
Exchange differences	3,150		758	
Closing balance	**119,909**		**101,611**	