

PRESS RELEASE

PIAGGIO GROUP: RESULTS AT 30 SEPTEMBER 2020

Roberto Colaninno, Piaggio Group Chairman and CEO: *“The results of the first nine months of 2020 offer a concrete demonstration of the Piaggio Group’s ability to implement an effective response to the unprecedented medical emergency that has affected the world economy. The third quarter of 2020 was very positive compared to the third quarter of the previous year, achieving better results than expected: revenues grew by 3%, gross industrial margin by 0.5%, Ebitda by 23%, and EBIT by 59%, while net profit was 75% higher. World-wide sales of our scooters and motorbikes have increased by 14%. At the same time, the large amounts of cash generated in the quarter permitted a significant reduction in debt, by over 80 million euro, thanks in part to cautious management of working capital”.*

- **Consolidated net sales 993.8 million euro** (-17.2%, €1,200.5/mln at 30.09.2019)
- **Industrial gross margin 286 million euro** (€363.7/mln at 30.09.2019), **28.8% return on net sales** (30.3% at 30.09.2019)
- **Ebitda 150.1 million euro** (€188.8/mln at 30.09.2019)
Ebitda margin 15.1% (15.7% at 30.09.2019)
- **Ebit 63.6 million euro** (€99.5/mln at 30.09.2019)
Ebit margin 6.4% (8.3% at 30.09.2019)
- **Pre-tax profit 48.5 million euro** (€81.5/mln at 30.09.2019)
- **Net profit 29.1 million euro** (€46 /mln at 30.09.2019)
- **Net financial position €-444.8/mln, an improvement of €83.7/mln over the figure of €528.5/mln at 30.06.2020** due to the positive trend in sales in the third quarter and careful management of working capital
- **353,900 vehicles sold world-wide** (479,200 at 30.09.2019)
- **Investment worth 88 million euro** (€91.6/mln at 30.09.2019)
- **Greg Lynn redesigns Moto Guzzi**
- **E-Mobility department expanded with new laboratories and a new organisational structure**
- **Resolved on an advance on ordinary 2020 dividend of 3.7 eurocents per share** (compared to an advance on ordinary dividends of the year 2019 of 5.5 cents)

Pontedera, 30 October 2020 – At a meeting today chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. (PIA.MI) examined and approved the interim report on operations for the nine months to 30 September 2020.

Piaggio Group business and financial performance at 30 September 2020¹

The Group's **consolidated net revenues** were **993.8 million euro**, down 17.2% from the figure of 1,200.5 million euro registered on 30 September 2019 as a result of the lockdown, which required all production and sales to be shut down for several weeks in several countries.

The **industrial gross margin** was **286 million euro**, -21.4% compared to the figure of 363.7 million euro registered on 30 September 2019.

The industrial gross margin on net sales was 28.8% (30.3% at 30 September 2019).

The Group's **operating expenses** at 30 September 2020 totalled **222.3 million euro**, fully **15.8% lower** than the figure of 264.2 million euro spent in the corresponding time period in 2019, **primarily as a result of actions implemented at the end of the first quarter of 2020 to mitigate the effects of the Covid-19 emergency.**

The changes in the income statement described above generated **consolidated EBITDA of 150.1 million euro**, 20.5% lower than the figure of 188.8 million euro registered on 30 September 2019. **EBITDA margin** was 15.1% (15.7% at 30 September 2019).

EBIT amounted to **63.6 million euro**, down 36.1% from the figure of 99.5 million euro registered on 30 September 2019. The **Ebit margin** was **6.4%** (8.3% at 30 September 2019).

Pre-tax profit in the first nine months was **48.5 million euro**, down 40.4% from the figure of 81.5 million euro registered on 30 September 2019. Income tax for the period was 19.4 million euro, with an impact on pre-tax profit of 40%.

In the first nine months of 2020 the Piaggio Group reported a net profit of 29.1 million euro (as compared to 46 million euro at 30 September 2019).

Net financial indebtedness at 30 September 2020 was 444.8 million euro, an improvement of 83.7 million euro over the figure of 528.5 million euro registered on 30 June as a result of the **positive trend in sales registered in the third quarter and cautious management of working capital.** Net financial indebtedness had grown by about 39.7 million euro over the figure recorded on 30 September 2019.

Group shareholders' equity at 30 September 2020 was 386 million euro (383.8 million euro at 31 December 2019).

In the first nine months of 2020, Piaggio Group **capital expenditure amounted to 88 million euro** (91.6 million euro at 30 September 2019).

Project for **expansion of the E-Mobility department** concerned with development of core components for 2, 3 and 4 wheeled electrical vehicles. New offices and workshops will be constructed in Pontedera and the organisational structure will be reinforced, to be composed of about 40 engineers specialising in electronics, mechanics and electrical technology.

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, intangible assets, and rights of use, 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 net financial position does not include other financial assets and liabilities arising from measurement at fair value, derivatives designated or not as hedges, fair value adjustments of the related hedged items and related accruals.

Business performance to 30 September 2020

As of 30 September 2020, the Piaggio Group had sold a total of 353,900 vehicles worldwide (479,200 in the first nine months of 2019), and reported consolidated revenues of 993.8 million euro. Despite the Covid-19 crisis, the **Asia Pacific 2W** market registered **2% growth in volumes**, while the **Emea and Americas and Indian** markets saw a drop in sales of 6.8% and 55.9%, respectively.

Two-wheelers:

As of 30 September 2020, the Group had sold 284,100 two-wheelers worldwide (-11.7% from 321,900 as of 30 September 2019), generating net sales of 797.2 million euro (-6.7% from 854.1 million euro at 30 September 2019).

The figure **includes spares and accessories**, sales of which totalled **89.6 million euro**.

The overall drop registered primarily originated in India (-50.1% by volume; -37.5% in value at constant exchange rates); there was a more limited drop in sales on the Emea and Americas markets (-5% by volume; -7.6% by value), while the Asia Pacific area saw growth (+ 2% by volume; +7.5% at constant exchange rates).

The Piaggio Group confirmed its position of leadership in the scooter segment in Europe, with a 24.4% share of the market. Piaggio also further strengthened its position on the North American scooter market, increasing its market share to 27.3% from 22.9 at 30 September of last year. In North America the Group is also working hard on consolidating its presence on the motorbike market with the Aprilia and Moto Guzzi brands.

On Asian markets, there was noteworthy growth of sales in China, with volumes more than doubling in the third quarter of the year over the same period in the previous year.

In the scooter segment, sales of the Piaggio Medley grew by more than 40%, with positive contributions from all the main geographical areas. The **Vespa** brand also registered overall growth, with **double-digit volumes of sale in Germany, the Netherlands, the Americas and various Asian nations, particularly China.**

On the motorcycle market, the Moto Guzzi V7 and the super-sporty Aprilia RSV4 performed particularly well in the quarter, while steady growth over the first nine months of the year was confirmed for the Aprilia brand's 125 cc range, with models SX 125, Tuono 125 and RS 125.

To mark next year's Moto Guzzi centennial, the Board has approved a plan to renovate the historic factory in Mandello del Lario, awarding the project to Greg Lynn.

This is a major restoration project that will involve the entire area, from production to the offices and the museum wing exhibiting Moto Guzzi models illustrating the company's history since 1921.

Greg Lynn, the CEO of Piaggio Fast Forward, is a world-famous American architect and designer, a member of the *United States Artists*, a professor at the *UCLA School of the Arts and Architecture* and a member of the *Board of Trustees* of the Canadian Centre for Architecture. The acknowledgements he has received include a **Golden Lion in the International Architecture Exhibition at Biennale di Venezia** in 2008 and an award from the **American Academy of Arts & Letters Architecture**.

His famous **Ravioli Chair** is exhibited in the permanent collection of MoMA, and a number of his designs have been produced under partnerships with prominent companies such as Swarovski, Alessi and Vitra.

Time Magazine included Greg Lynn among the world's 100 most innovative people in the 21st century, while Forbes Magazine called him one of the world's ten most influential architects.

Commercial vehicles:

In **commercial vehicles**, the Piaggio Group reported sales volumes of **69,800 vehicles** (-55.6% compared to the figure of 157,400 at 30 September 2019), with **net sales of 196.6 million euro** (-43.2% from 346.4 million euro at 30 September 2019). The figure **includes spares and accessories, for which turnover totalled 26.9 million euro**.

In terms of geographical breakdown, sales were down by 30% in the Emea and Americas market, and more than 50% in India. The Indian affiliate PVPL sold 52,700 three-wheelers on the Indian market (121,700 in the same period in 2019), with an overall share **of the Indian three-wheeler market of 27.9%, up 4.1 percentage points over last year, confirming the Group's leadership in the cargo market with a market share of 50.3%, higher than the 42.9% share it had on 30 September 2019**.

Note that the Piaggio Group is working on development and construction of a new range of lightweight four-wheeled commercial vehicles, the new Porter. Production of the vehicle in the plant in Pontedera, Italy is scheduled to begin by the end of the year.

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group robotics and future mobility company based in Boston, **continues to market its first innovative project, Gita, a unique “follow me” carrier robot capable of carrying up to 20 kg and following the user indoors and outdoors, at a top speed of 10 kg/hour and with a 4-hour battery life.**

Gita is made in the Piaggio Fast Forward plant in Boston's Charlestown district. Marketing has begun with an **initial phase on the US market**, where the circulation of robots on city streets is already regulated.

Significant events after 30 September 2020

Supplementing the information published above or at the time of approval of the 2020 first-half results (directors' meeting of 27 July 2020), this section illustrates key events in and after the first nine months of 2020.

On 7 August the Piaggio Group won a Europe-wide competition held by Poste Italiane S.p.A. for the supply of 5,000 three-wheeled thermal scooters for the postal delivery service. The total value of the order is more than 31 million euro. The vehicle to be supplied under the contract is the new Piaggio 3W- Delivery 125cc Euro 5 scooter, designed and developed by the Piaggio Group specifically for corporate transportation and delivery fleets.

On 9 September the International Jury of the 26th ADI Compasso d'Oro Award granted Vespa Elettrica an Honourable Mention, a prestigious international acknowledgement of excellence in design. The judges' motivation includes the statement that: “Vespa Elettrica confirms the pioneering, innovative spirit of the Vespa brand, which stands out as unique on the global mobility market”.

On 30 September Gita, the carrier robot produced by Piaggio Fast Forward, was presented with an Honourable Mention in the “mobility” category of *Innovation by Design 2020*, a competition held by Fast Company magazine, a world leader in corporate media with a special focus on innovative technology, leadership and design.

A press conference was held early in October to launch the new Aprilia RS 660, a mid-sized two-cylinder vehicle: 100 HP weighing in at only 183 kg, with advanced technological content and an engine that makes it fun and enjoyable to drive on either the street or the track.

On 19 October the Piaggio Group and the European Investment Bank (EIB) signed a 30 million euro 7-year loan agreement to support Research and Development projects under the Group's investment plan, to be implemented in the Piaggio Group's Italian plants by 2021. The loan supplements a previous agreement signed last year, increasing the EIB's total funding of the Piaggio Group to 100 million euro.

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Outlook

The third quarter of 2020 closed with better than expected results on both Asian and European markets, and on the whole, the results of the first nine months of 2020 confirm the efficacy of the Group's response to the pandemic that has affected the world economy.

It is still difficult to make predictions for the final quarter of the year, however, as much depends on how the Covid-19 pandemic evolves, following the rise of contagion in Europe in October and the government measures implemented to limit contagion and support the economy in the countries where the Group operates.

In this general picture, Piaggio will continue to work to meet its commitments and targets, while maintaining all the measures in place for management of the crisis caused by the pandemic for as long as necessary and implementing a quick, flexible response to any unexpected and difficult situations that might arise in the final months of 2020 thanks to an increasingly efficient cost structure.

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Piaggio & C. S.p.A.

Advance on dividend

Having approved the Accounting Schedules at 30 September 2020 and the Directors' Report under section 2344-bis of the Civil Code, the Board of Directors **has therefore resolved to distribute an advance on the ordinary dividend for the year 2020 of 3.7 eurocents**, before taxation, for each ordinary share entitled to dividend (as compared to an advance on ordinary dividend of 5.5 cents in 2019), totalling Euro 13,213,618.56.

The dividend to shareholders will be registered with coupon no.15 on 23.11.2020, dividend record date 24.11.2020, dividend payment date 25.11.2020.

The Accounting Schedule, the Directors' Report and the Independent Auditor's Opinion, required under section 2433-bis of the Civil Code, will be made available to shareholders at the Company's headquarters (Viale Rinaldo Piaggio 25, Pontedera - PI).

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Conference call with analysts

The presentation of the financial results as at 30 September 2020, which will be illustrated during a conference call with financial analysts, is available on the corporate website at www.piaggiogroup.com/it/investor.

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The Piaggio Group consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as at 30 September 2020 are set out below.

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 Finance Act), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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In line with the recommendations in the ESMA/2015/1415 guidelines of 5 October 2015, 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 2018 Annual Report and in the 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, nor have the accounting schedules attached hereto.

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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SCHEDULES

Consolidated Income Statement

	First nine months 2020		First nine months 2019	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
Net Sales	993,819	23	1,200,453	111
Cost of materials	(612,086)	(13,063)	(729,290)	(12,612)
Cost of services and use of third-party assets	(145,843)	(1,421)	(182,306)	(1,744)
Employee expense	(156,834)		(173,075)	
Depreciation and impairment property, plant and equipment	(29,230)		(30,383)	
Amortisation and impairment intangible assets	(50,842)		(53,704)	
Amortisation rights of use	(6,340)		(5,172)	
Other operating income	87,581	452	90,021	294
Impairment reversals (losses) net of trade and other receivables	(1,473)		(1,197)	
Other operating expense	(15,104)	(18)	(15,798)	(16)
EBIT	63,648		99,549	
Results of associates	797	772	735	624
Finance income	965		2,577	19
Finance costs	(20,748)	(146)	(21,155)	(128)
Net exchange-rate gains/(losses)	3,877		(223)	
Profit before tax	48,539		81,483	
Income tax expense	(19,416)		(35,445)	
Profit from continuing operations	29,123		46,038	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	29,123		46,038	
Attributable to:				
Equity holders of the parent	29,123		46,038	
Minority interests				
Earnings per share (in €)	0.082		0.129	
Diluted earnings per share (in €)	0.082		0.129	

Consolidated Statement of Comprehensive Income

<i>In thousands of euro</i>	First nine months 2020	First nine months 2019
Profit (loss) for the period (A)	29,123	46,038
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(285)	(2,980)
Total	(285)	(2,980)
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(6,866)	3,951
Share of components of Comprehensive Income relating to equity-accounted investees	(206)	117
Total gains (losses) on cash flow hedges	269	92
Total	(6,803)	4,160
Other components of comprehensive income (B)*	(7,088)	1,180
Total comprehensive income (expense) for the period (A + B)	22,035	47,218
* Other comprehensive income (expense) takes related tax effects into account.		
Attributable to:		
Equity holders of the parent	21,968	47,214
Minority interests	67	4

Consolidated Statement of Financial Position

	At 30 September 2020		At 31 December 2019	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
ASSETS				
Non-current assets				
Intangible assets	684,001		676,183	
Property, plant and equipment	256,006		263,496	
Rights of use	34,471		36,486	
Investment property	7,257		9,203	
Equity investments	9,476		8,910	
Other financial assets	37		3,512	
Tax credits	9,537		14,114	
Deferred tax assets	53,833		63,190	
Trade receivables				
Other receivables	17,074	81	13,638	81
Total non-current assets	1,071,692		1,088,732	
Assets held for sale				
Current assets				
Trade receivables	95,790	962	78,195	992
Other receivables	40,595	14,166	31,706	14,601
Tax credits	14,046		18,538	
Inventories	203,709		214,682	
Other financial assets	2,869		3,789	
Cash and cash equivalents	260,074		190,746	
Total current assets	617,083		537,656	
Total Assets	1,688,775		1,626,388	

	<u>At 30 September 2020</u>		<u>At 31 December 2019</u>	
	Total	<i>of which related parties</i>	Total	<i>of which related parties</i>
<i>In thousands of euro</i>				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of the parent	386,124		384,015	
Share capital and reserves attributable to minority interests	(141)		(208)	
Total shareholders' equity	385,983		383,807	
Non-current liabilities				
Financial liabilities	560,813		463,587	
Financial liabilities due to rights of use	19,582	3,816	19,996	4,579
Trade payables				
Other non-current provisions	12,711		12,116	
Deferred tax liabilities	5,603		7,762	
Pension funds and employee benefits	37,384		38,997	
Tax payables				
Other payables	6,751		6,437	
Total non-current liabilities	642,844		548,895	
Current liabilities				
Financial liabilities	119,612		135,033	
Financial liabilities due to rights of use	7,770	1,949	8,408	1,553
Trade payables	449,764	8,791	478,688	5,701
Tax payables	12,996		14,934	
Other payables	55,330	169	42,171	23
Current portion of other non-current provisions	14,476		14,452	
Total current liabilities	659,948		693,686	
Total Shareholders' equity and Liabilities	1,688,775		1,626,388	

Consolidated Statement of Cash Flows

This schedule shows the determinants of changes in cash and cash equivalents net of bank overdrafts, as required by IAS 7.

	First nine months 2020		First nine months 2019	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
<i>Operating assets</i>				
Profit (loss) for the period	29,123		46,038	
Income tax expense	19,416		35,445	
Depreciation property, plant and equipment	29,230		30,383	
Amortisation of intangible assets	50,842		53,420	
Amortisation rights of use	6,340		5,172	
Allowances for risks, retirement funds and employee benefits	12,157		14,466	
Impairment losses / (Reversals)	3,381		2,379	
Losses / (Gains) realised on sale of property, plant and equipment	(108)		(38)	
Finance income	(965)		(2,577)	
Dividend income	(25)		(111)	
Finance costs	20,748		21,155	
Income from public grants	(3,015)		(3,545)	
Share of results of associates	(772)		(624)	
<i>Change in working capital:</i>				
(Increase)/Decrease in trade receivables	(18,668)	30	(40,520)	290
(Increase)/Decrease in other receivables	(12,687)	435	23	510
(Increase)/Decrease in inventories	10,973		(1,219)	
Increase/(Decrease) in trade payables	(28,924)	3,090	87,470	(407)
Increase/(Decrease) in other payables	13,473	146	9,530	(439)
Increase/(Decrease) in provisions for risks	(5,484)		(6,586)	
Increase/(Decrease) in retirement funds and employee benefits	(2,197)		(7,700)	
Other movements	(1,141)		(16,984)	
Cash generated by operating activities	121,697		225,577	
Interest expense paid	(13,774)		(17,336)	
Tax paid	(8,991)		(23,020)	
Cash flow from operating activities (A)	98,932		185,221	
<i>Investing activities</i>				
Investment in property, plant and equipment	(27,960)		(30,122)	
Sale price or redemption value of property, plant and equipment	290		85	
Investment in intangible assets	(60,027)		(61,434)	
Sale price or redemption value of intangible assets	8		41	
Public grants collected	954		2,114	
Dividends collected	25		111	
Interest collected	796		515	
Cash flow from investing activities (B)	(85,914)		(88,690)	
<i>Financing activities</i>				
Own share purchases	(217)		(212)	
Outflow for dividends paid	(19,642)		(51,805)	
Loans received	220,191		40,055	
Outflow for loan repayments	(135,010)		(61,757)	
Payment of lease fees for rights of use	(5,543)		(4,960)	
Cash flow from financing activities (C)	59,779		(78,679)	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	72,797		17,852	
Opening balance	190,728		188,386	
Exchange differences	(3,452)		5,803	
Closing balance	260,073		212,041	