



**PIAGGIO
GROUP**

Piaggio Group
First Nine Months of 2017 Financial Results

Conference Call | October 27th 2017

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Highlights (1/3)

First nine months results

Market demand

Mixed market trend across all key reference markets, India LCV bottoming out

- Western Countries demand edged slightly down:
 - European 2 Wheeler demand slightly off PY against challenging comparison base;
 - Scooter kept the muted trend of the first half of the year ending down ~1%, whilst the gap between 50cc and over 50cc widened throughout the period, with the former ending up by ~8% and the latter down by ~7%; Italy, Benelux and France, all posting demand on the rise, still unable to fully counterbalance lackluster demand of other countries
 - Bikes ended flat on the back of a promising upswing in Q3
 - North America declined for the sixth straight quarter ending down by ~ 8% vs. prior year in the scooter segment
- Asia Pacific upward demand trends strengthened throughout the period:
 - Vietnam positive demand trend accelerated, mainly on the back of Scooters posting double-digit growth
 - Indonesia, for several years the laggard in the region, ended up in line with PY after strong demand rebound in Q3, while mid-single digit growth continued across most of other countries
- India demand trend improved across all segments as the year progressed:
 - 3 Wheelers still down by ~ 15% YTD, but the trend reverted in Q3 (~ +4% Y/Y) signaling that the demonetization negative effects had been finally cleared
 - 2 Wheelers favorable momentum continued, with Scooters once more driving the growth ending up by ~12%

Highlights (2/3)

First nine months results

Business Highlights

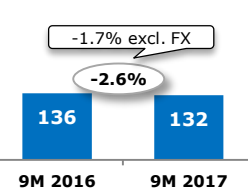
Western Countries:
revenues (€m)



Western Countries: good performance in a flattish market scenario

- Leadership in European 2 wheelers confirmed with market share in line with PY whilst keeping 10 p.p. lead over the closest competitor in Scooters
- European 2 Wheelers positive trend continued, mainly driven by Italy, the Netherlands, Germany and Austria
- North America good momentum softened in Q3, as prolonged market weakness started taking its toll
- Vespa kept been the bright spot among scooters with volumes and revenues up double-digits in Europe
- 50cc scooters kept on outgrowing the over 50cc segment, with volumes and revenues up double-digits
- Bikes confirmed strong momentum both in Europe and USA, outstripping market trends, mainly on the back of Aprilia double-digit growth
- Average prices in line with PY, despite dilutive product mix effect

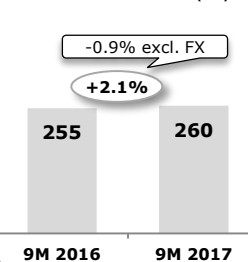
Asia Pac: revenues
(€m)



Asia Pacific: performance still affected by Vietnamese weakness

- Vietnam still a drag, behind tough comparison base in Q3 and fiercely competitive environment
- Thailand and China kept on being the main engine of growth in Asia ex Vietnam, with revenues surging respectively more than 40% and more than 70%
- Vespa continued posting healthy growth outside Vietnam
- Average regional prices slightly up excluding FX negative effect

India: revenues (€m)



India: LCV sequentially improving while strong momentum in 2 Wheelers strengthened

- 3 Wheel market share slightly above PY, despite unfavorable product mix in the Pax segment
- 3/4 Wheel performance on the mend, with revenue slide halted in Q3 behind positive domestic demand trend and growth in exports
- 2 Wheels strong growth accelerated in Q3, with sales topping 9,100 units in September hitting a record high; Vespa has been the bright spot with volumes and revenues surging ~70% in Q3 and ~ 30% YTD
- Average prices slightly below PY, due to Aprilia SR dilutive effect

Financial Highlights

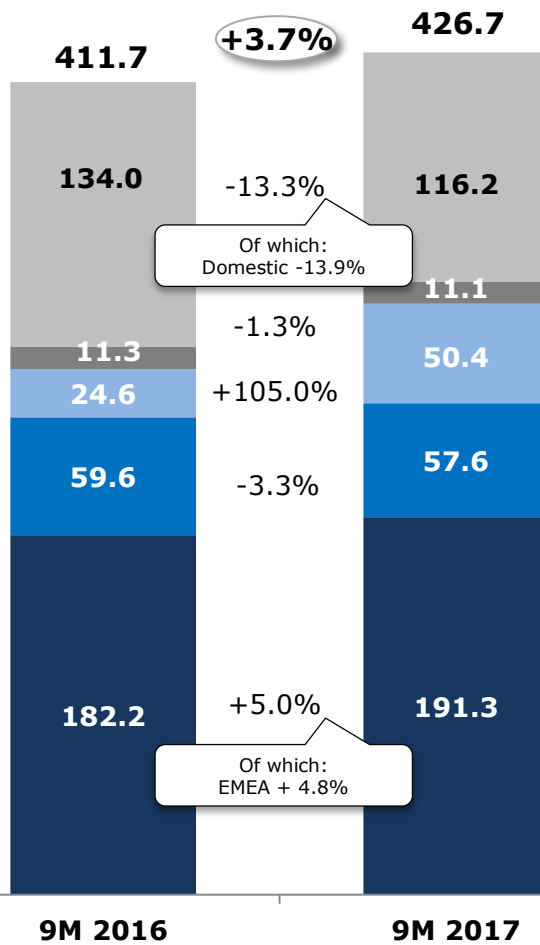
First Nine Months EBITDA margin @ 15.0%, the best performance to date
Cash Flow generation of ~60€m, the best performance to date

Healthy performance, despite unsupportive demand in key reference markets, with all key financial metrics on the rise

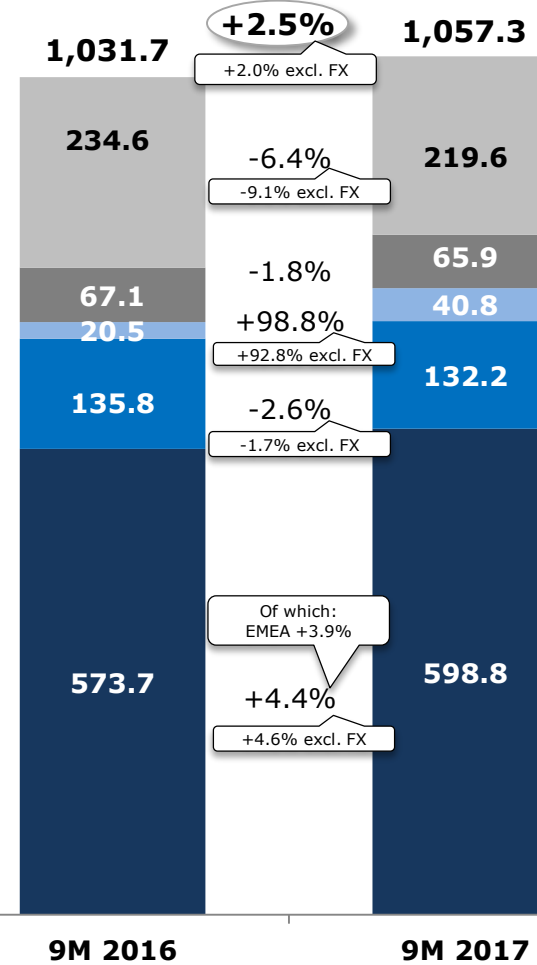
- **Net Sales up by ~26€m** (+2.5%; +2.0% at constant FX)
- **EBITDA up by ~18€m** (+12.4%; +11.3 % at constant FX), **with ratio on net sales at 15.0%**
- **Net Profit up by ~6€m** (+31.2%)
 - **Gross Margin up by ~ 17€m**, with significant uplift of the ratio on Net Sales (30.9% vs. 30.0%) stemming from rigorous price discipline, enhanced efficiency on product costs and increase of plant capacity utilization
 - **Cash Opex below PY**, further proving the ability to rein in SG&A despite higher marketing spending
 - **Total OpEx up** by ~ 9€m, reflecting higher D&A due to prior years increased level of CapEx
- **Capital Expenditures at ~56€m**, ~10 €m below prior year level, but consistent with FY target in the range 90-100 €m
- **Strongest Cash Flow generation to date** drove **Net Debt at 431€m**, ~39€m below September 2016 and ~60€m below December 2016

Growth, driven by the acceleration of the positive trend of 2 Wheelers in India and the ongoing healthy performance of 2 Wheeler in Western Countries

Volume evolution by Business (kunits)



Net Sales evolution by Business (€m)

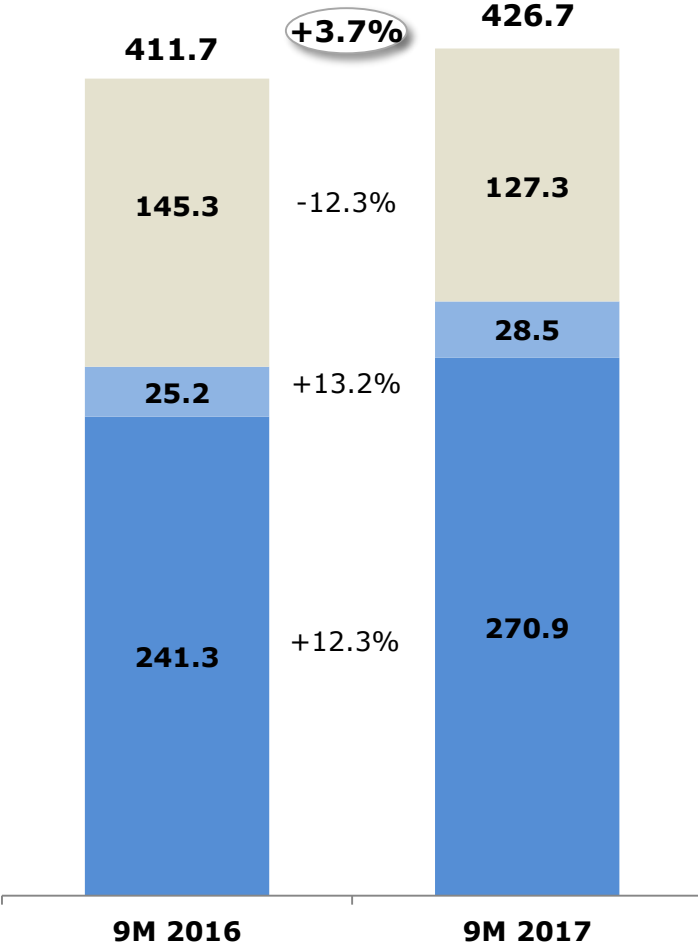


2 Wheelers: ■ Western Countries ■ Asia Pacific ■ India

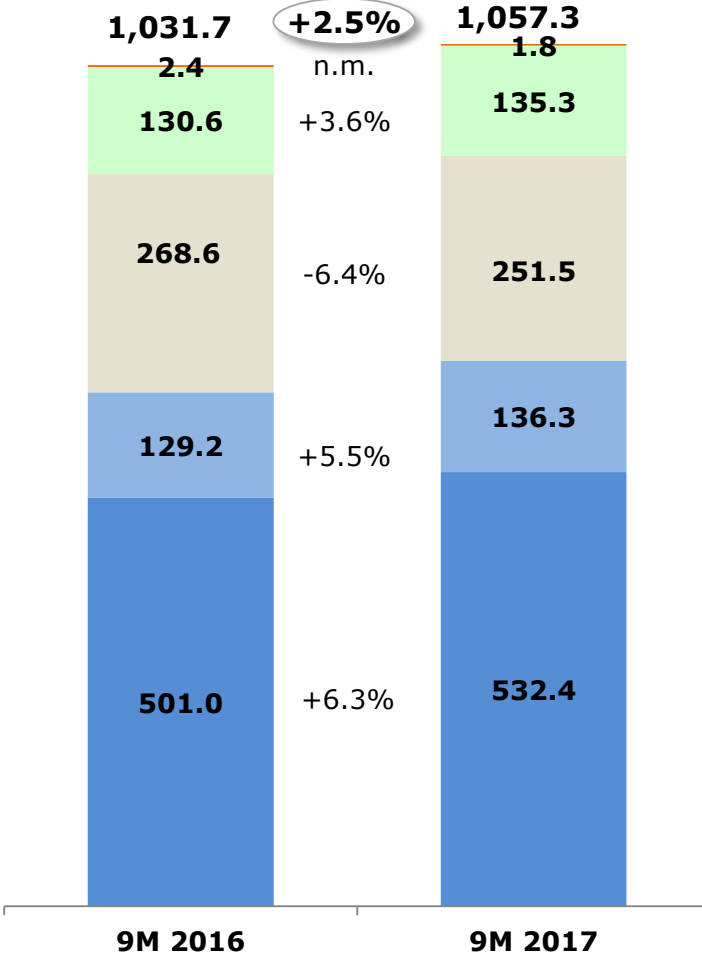
Commercial Vehicles: ■ Western Countries ■ India

Scooters revenue growth driven by Western Countries and India; noteworthy Vespa performance, posting volume and revenue double-digit growth. Aprilia kept on driving Bikes growth

Volume evolution by Product (kunits)

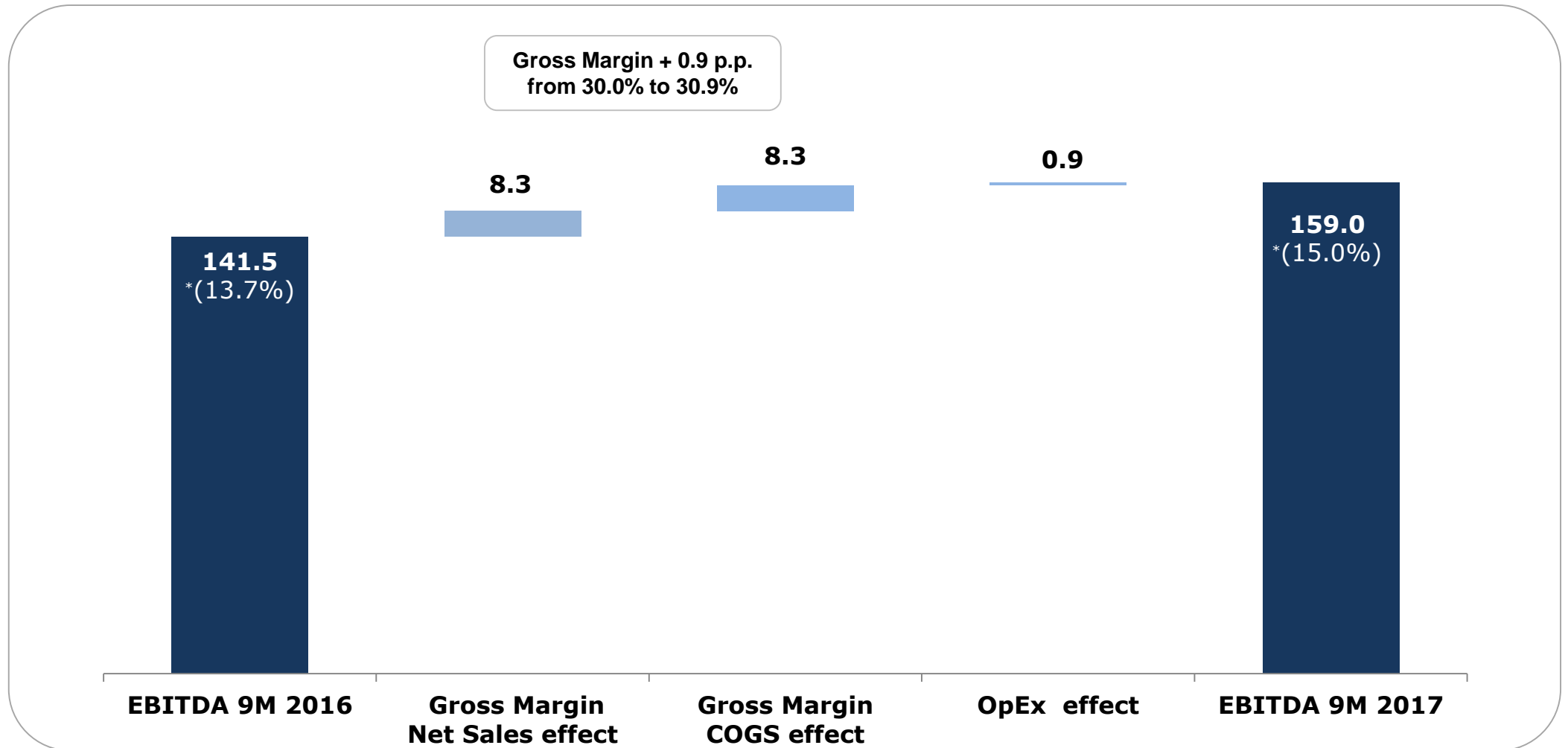


Net Sales evolution by Product (€m)



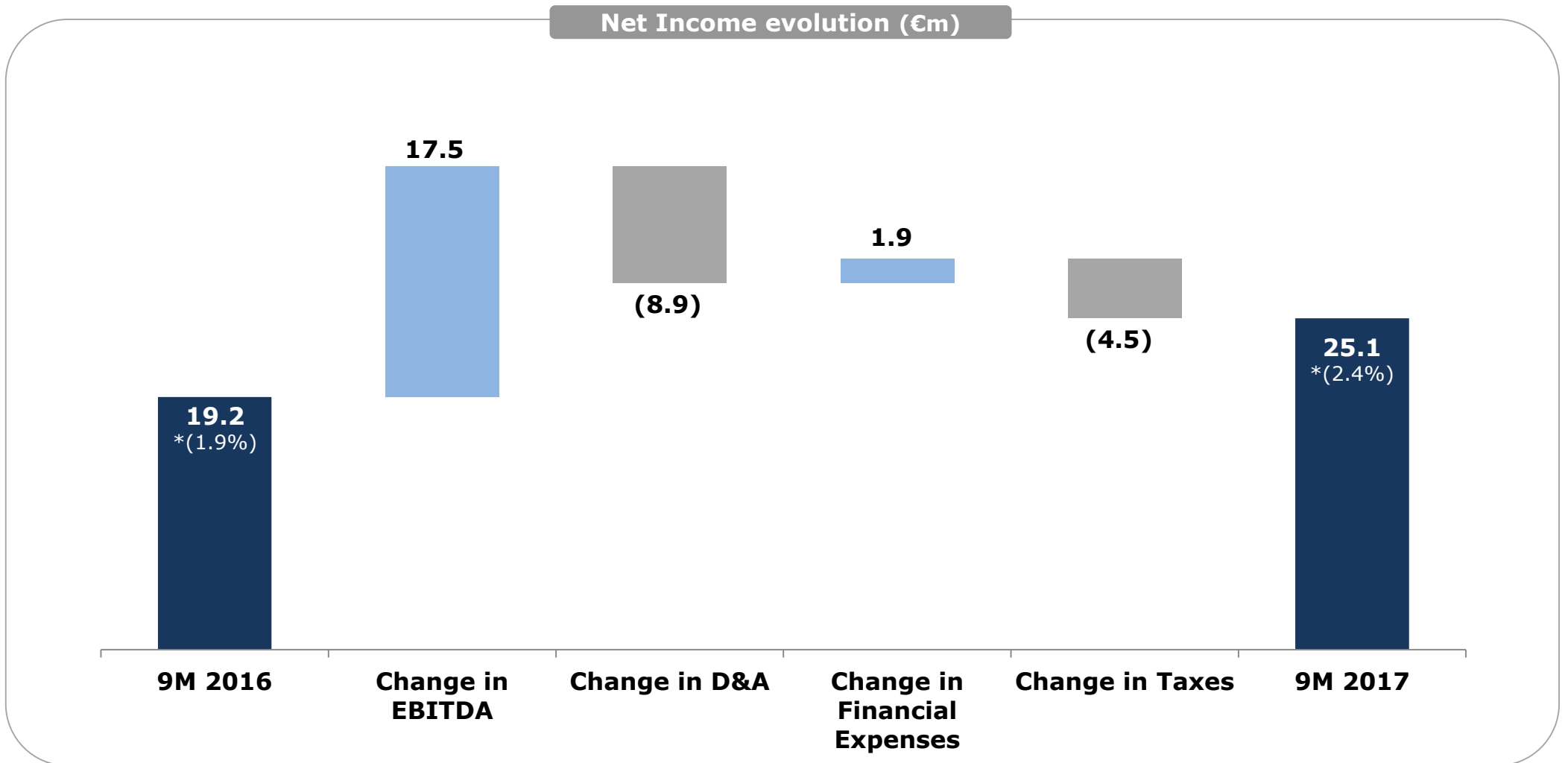
■ Scooters and Wi-Bike
 ■ Bikes
 ■ Commercial Vehicles
 ■ Spare parts and accessories
 ■ Other

Top line growth coupled with heightened product profitability and tight grip on Operating Expenses drove significant EBITDA uplift to 15.0 p.p. on Sales, the best performance in 9M to date, ...



* % on Net Sales

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



* % on Net Sales

To sum up

P&L (€m)

	9M 2016	9M 2017	Change 2017 vs. 2016		
			Absolute	%	% excl. FX (*)
Net Sales	1,031.7	1,057.3	25.6	+2.5%	~ +2.0%
Gross Margin	309.9	327.1	17.2	+5.6%	~ +5.0%
<i>% on Net Sales</i>	30.0%	30.9%	+0.9%		
EBITDA	141.5	159.0	17.5	+12.4%	~ +11.3%
<i>% on Net Sales</i>	13.7%	15.0%	1.3%		
Depreciation	(81.0)	(89.9)	(8.9)	+11.0%	
EBIT	60.5	69.1	8.6	+14.3%	
<i>% on Net Sales</i>	5.9%	6.5%	0.7%		
Financial Expenses	(26.9)	(25.0)	1.9	-6.9%	
Income before tax	33.6	44.1	10.5	+31.2%	
Tax	(14.5)	(19.0)	(4.5)	+31.2%	
Net Income	19.2	25.1	6.0	+31.2%	
<i>% on Net Sales</i>	1.9%	2.4%	0.5%		

NFP (€m)

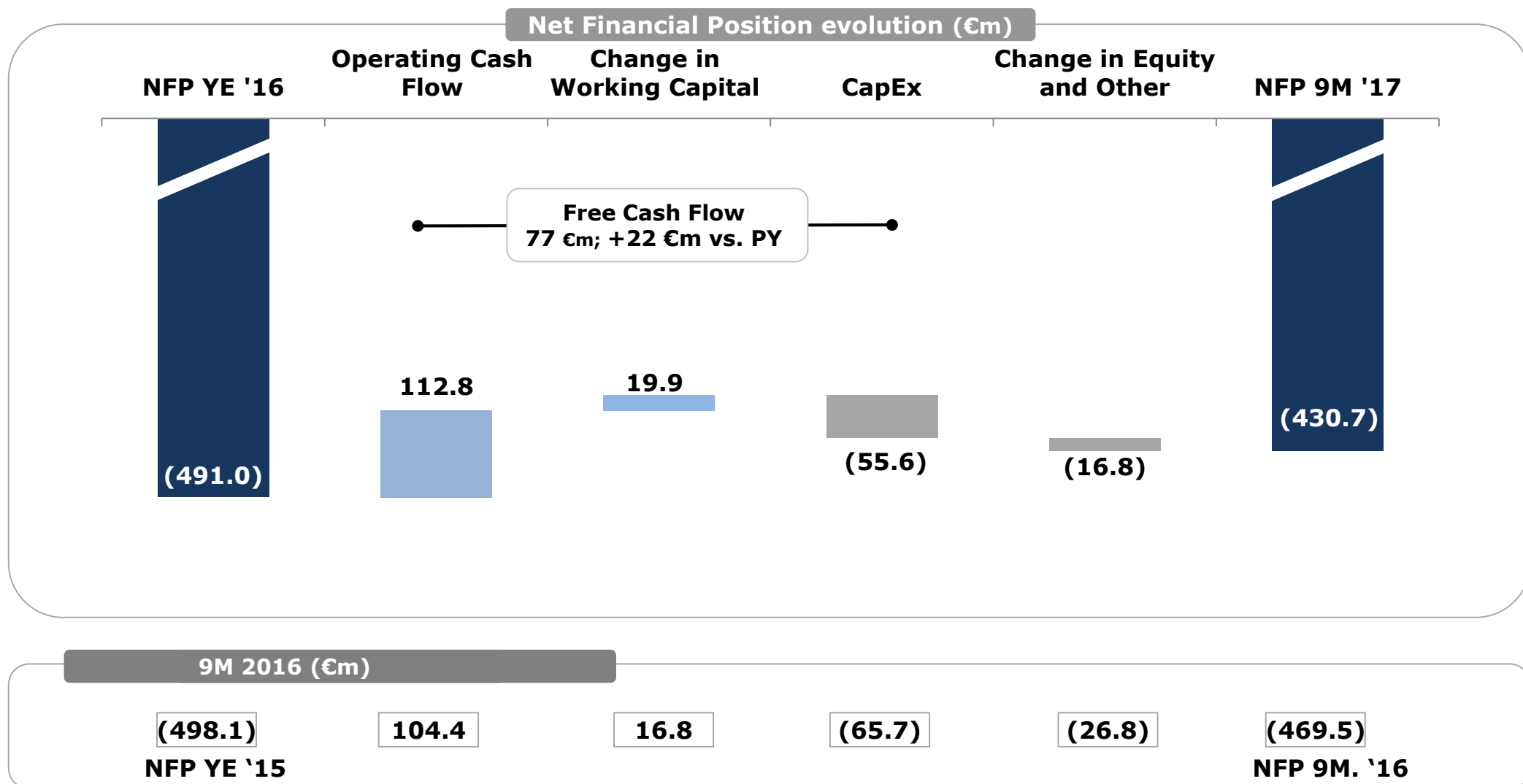
	30.09.2016	30.09.2017	Change
NFP	(469.5)	(430.7)	38.8

Cash Flow (€m)

	9M 2016	9M 2017	Change
Cash Flow	28.6	60.2	+31.6

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

Strong Cash Flow generation drove NFP well below 9M 2016 and PY level



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