



**PIAGGIO
GROUP**

Piaggio Group
Full Year 2016 Financial Results

Conference Call | February 27th 2017

Disclaimer

This presentation contains forward-looking statements regarding future events and future results of Piaggio & C S.p.A (the "Company") that are based on the current expectations, estimates, forecasts and projections about the industries in which the Company operates, and on the beliefs and assumptions of the management of the Company. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, competition, changes in business strategy and the acquisition and disposition of assets are forward-looking in nature. Words such as 'expects', 'anticipates', 'scenario', 'outlook', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', as well as any variation of such words and similar expressions, are intended to identify such forward-looking statements. Those forward-looking statements are only assumptions and are subject to risks, uncertainties and assumptions that are difficult to predict because they relate to events and depend upon circumstances that will occur in the future. Therefore, actual results of the Company may differ materially and adversely from those expressed or implied in any forward-looking statement and the Company does not assume any liability with respect thereto. Factors that might cause or contribute to such differences include, but are not limited to, global economic conditions, the impact of competition, or political and economic developments in the countries in which the Company operates. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect any change in its expectations with regard thereto, or any change in events, conditions or circumstances which any such statement is based on. The reader is advised to consult any further disclosure that may be made in documents filed by the Company with Borsa Italiana S.p.A (Italy).

The Manager in Charge of preparing the Company financial reports hereby certifies pursuant to paragraph 2 of art. 154-bis of the Consolidated Law on Finance (Testo Unico della Finanza), that the accounting disclosures of this document are consistent with the accounting documents, ledgers and entries.

This presentation has been prepared solely for the use at the meeting/conference call with investors and analysts at the date shown below. Under no circumstances may this presentation be deemed to be an offer to sell, a solicitation to buy or a solicitation of an offer to buy securities of any kind in any jurisdiction where such an offer, solicitation or sale should follow any registration, qualification, notice, disclosure or application under the securities laws and regulations of any such jurisdiction.

Highlights (1/3)

Full year results

Market demand

Positive demand trend in most of Piaggio's key reference markets although affected by diverging trends throughout the year

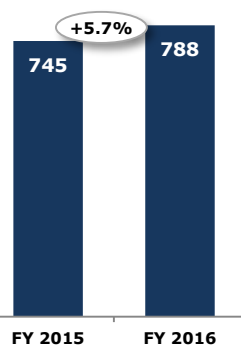
- Western Countries overall positive demand strengthened across the year on the back of European replacement cycle:
 - European 2 Wheeler demand continued to trend up for the second consecutive year growing ~9%, mainly driven by Bikes up ~15% outgrowing Scooters which ended up ~3%, thus confirming that early stages of a long-lasting replacement cycle are well in place;
 - Italy, Spain and UK, all up double-digits, kept driving the growth, markedly in the scooter segment
 - Germany and France ended up, reflecting steadily improving trend across the year and an encouraging rebound in Scooters in Q4
 - North America declined, even if with the negative trend softened in the latter part of the year
- Asia Pacific posted mixed, but sequentially improving demand trends:
 - Vietnam kept growing high single digit, underpinned by robust double-digit growth in scooters
 - Asia ex Vietnam grew in all key markets, apart from Indonesia still down high mid-single digit
- India confirmed positive demand, despite the slump driven by demonetization in Q4:
 - 3 wheelers up ~ 6%, with Cargo up double-digits outstripping Pax, up mid single digit, which showed higher sensitivity to demonetization
 - 4 wheelers ended up flat, with demonetization zeroing the feeble recovery posted in the first part of the year
 - scooters up ~ 15%, confirming the unabated upward trend that led the market to become the largest in the world

Highlights (2/3)

Full year results

Business Highlights

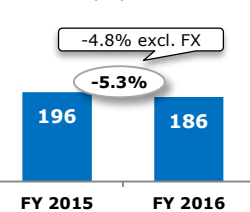
Western Countries:
revenues (€m)



Western Countries: outstanding performance in Europe and improving trend in North America

- European leadership in 2 wheelers further strengthened driven by strong market share gain in Scooters (25.4%; +1.3 p.p. vs PY) resulting in more than 12 p.p. of lead over the closest competitor
- European strong momentum continued with volumes up high single-digit outstripping market trend - mainly driven by Italy, France and Germany – and further reduction of dealer network stock
- North America still negative, but improving steadily as the year progressed
- Vespa and Guzzi kept posting robust growth, confirming strong unique brand appeal
- Average prices slightly down vs. 2015, reflecting dilutive product mix effect, whilst keeping sound pricing power

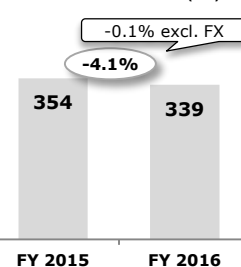
Asia Pac: revenues
(€m)



Asia Pacific: subdued performance affected by weakness in Vietnam

- Vietnam continued to be a drag, mainly reflecting fierce competitive environment
- Asia ex Vietnam continued to trend up thus outweighing Vietnam both in volumes and revenues YTD; improvement mainly driven by Indonesia and Thailand, where the entry in the premium motorcycle market with Aprilia and Moto Guzzi should drive growth acceleration
- Average regional prices above PY, despite negative FX effect

India: revenues (€m)



India: 3/4 Wheel performance impacted by demonetization, while 2 wheel good momentum continued

- 3/4 Wheel market share loss softened across the year, but demonetization and persisting demand decline in export markets drove volumes below PY
- 2 Wheel volumes grew significantly above PY primarily on the back of successful launch of the Aprilia SR, whilst Vespa volumes remained in line with PY despite demonetization
- Average prices slightly down vs. 2015, reflecting dilutive product mix effect

Financial Highlights

Positive momentum confirmed, with improvement in all metrics despite severe impact of Indian banknote ban in Q4

- **Net Sales up by ~18€m** (+1.4%; +2.8% at constant FX)
- **EBITDA up by ~9€m** (+5.6%; +7.0% at constant FX), **with a significant uplift of the ratio on net sales (13.0% vs. 12.5% in 2015)**
- **Net Profit up by ~2.2€m** (+18.3%)
 - **Gross Margin on the rise** (+ ~ 15€m), with improvement of the ratio on Net Sales (29.6% vs. 28.9%) further proving rigorous price discipline and efficiency on product costs
 - **OpEx slightly up** (+~11€m), mainly reflecting step-up in new initiatives and marketing expenses and rise of D&A driven by prior years increased level of CapEx
 - **Financial expenses slightly down**, on the back of recent initiatives to strengthen the debt structure and lower the cost of debt
 - **Tax rate raised to 45%** (vs. 40.0% PY), reflecting one-off impact of rules on some specific items, although most of the impact is non cash
- **Capital Expenditures at ~97€m** slightly below prior year level (-~5 €m vs PY), reflecting our ability to contain investments whilst retaining our ability to innovate
- **Free Cash Flow generation accelerated (32 €m vs 24 last year) despite negative demonetization effect, leading Net Debt at 491 €m, ~7€m below December 2015**

Healthy growth of all key metrics

Net Debt below December 2015 even after dividend payment and buy-back

P&L (€m)

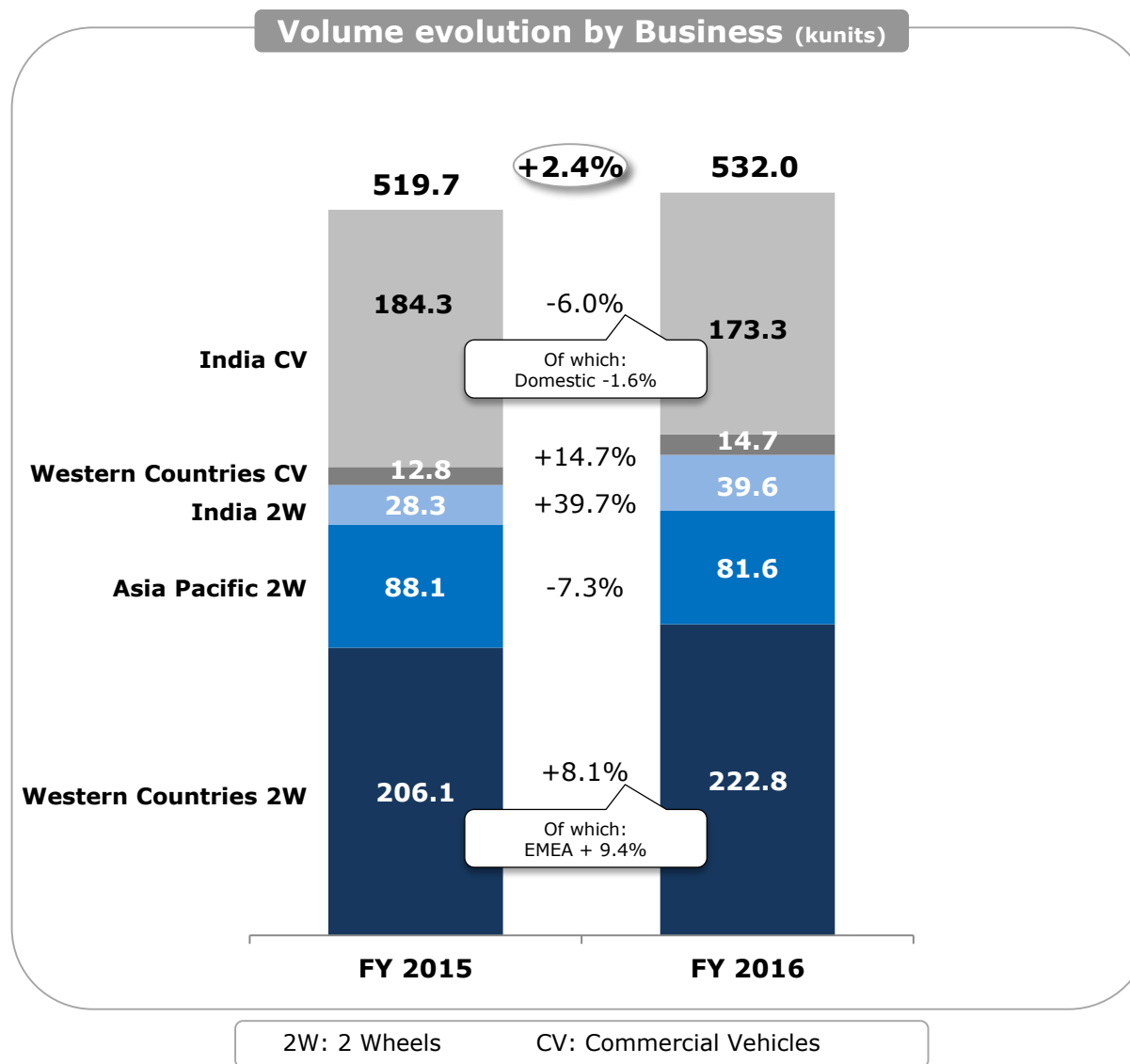
	2015	2016	Change 2016 vs. 2015		
			Absolute	%	% excl. FX (*)
Net Sales	1,295.3	1,313.1	17.8	+1.4%	~ +2.8%
Gross Margin	374.4	389.2	14.8	+3.9%	~ +4.9%
<i>% on Net Sales</i>	28.9%	29.6%	+0.7%		
EBITDA	161.8	170.7	9.0	+5.6%	~ +7.0%
<i>% on Net Sales</i>	12.5%	13.0%	0.5%		
Depreciation	(105.0)	(109.8)	(4.8)	+4.6%	
EBIT	56.7	60.9	4.2	+7.4%	
<i>% on Net Sales</i>	4.4%	4.6%	0.3%		
Financial Expenses	(36.6)	(35.4)	1.2	-3.3%	
Income before tax	20.1	25.5	5.4	+26.9%	
Tax	(8.2)	(11.5)	(3.2)	+39.2%	
Net Income	11.9	14.0	2.2	+18.3%	
<i>% on Net Sales</i>	0.9%	1.1%	0.2%		

NFP (€m)

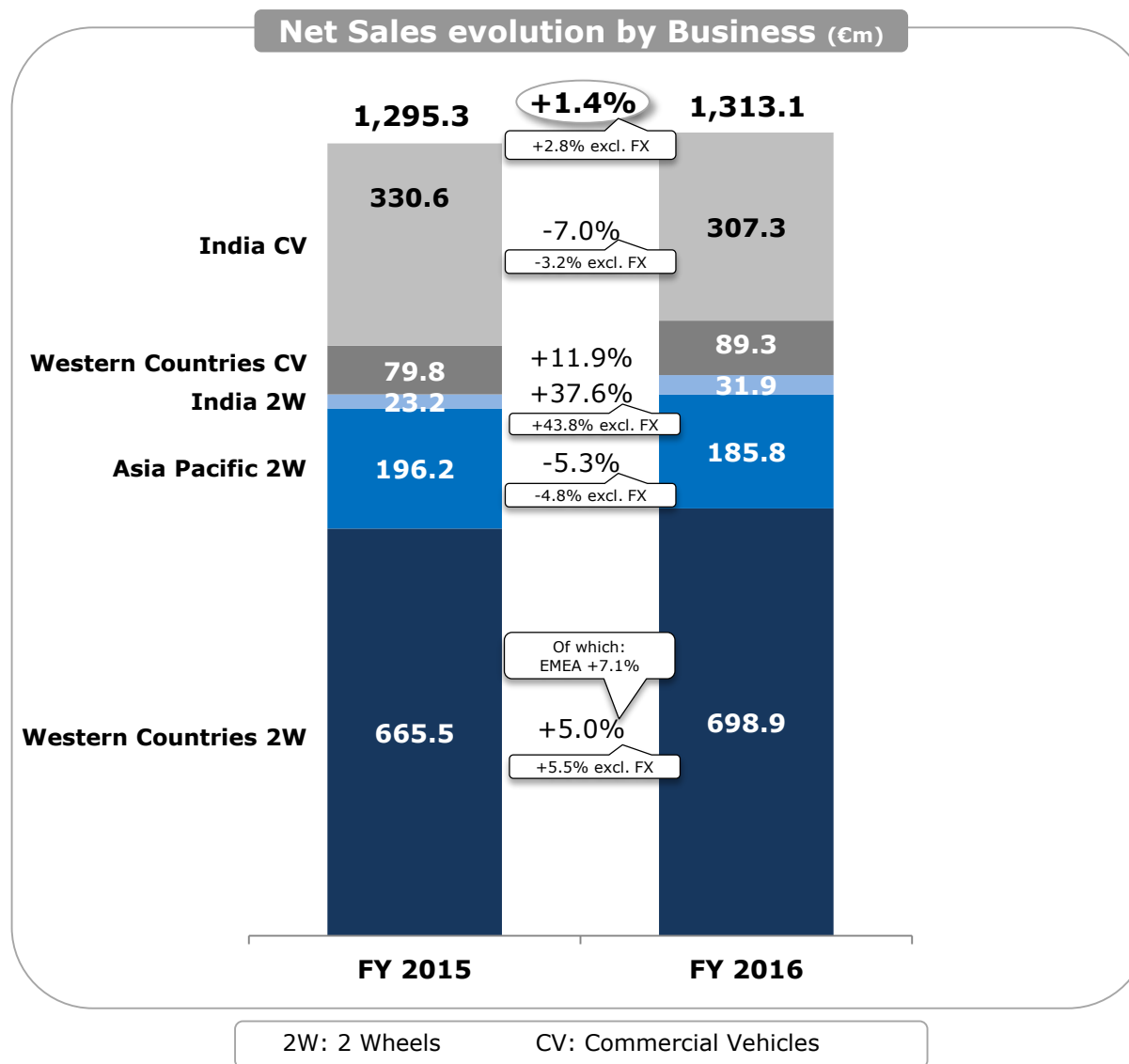
	31.12.2015	31.12.2016	Change
Net Financial Position	(498.1)	(491.0)	+7.2

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

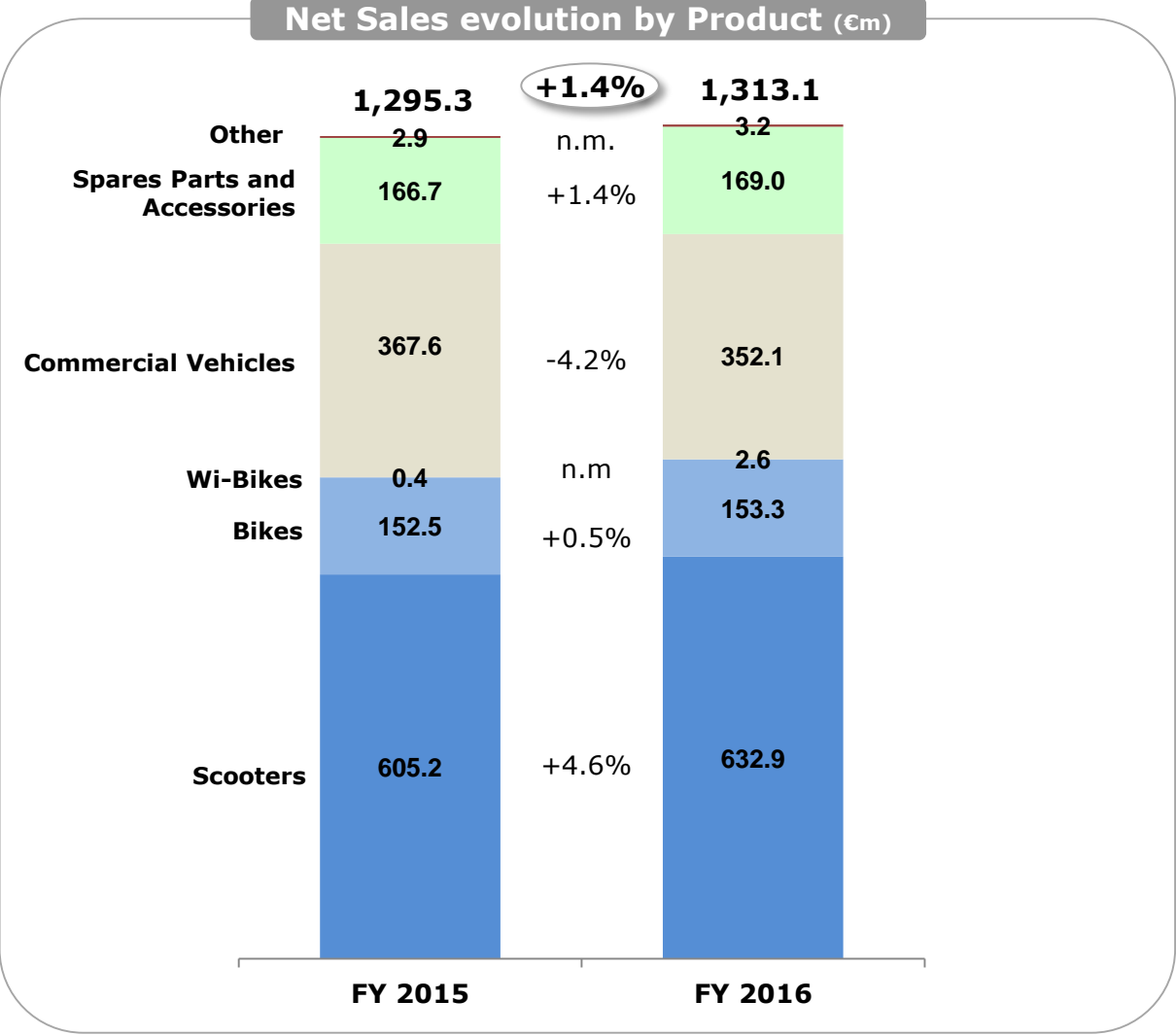
Volume grew above 2015 mainly driven by outstanding performance in Western Countries ...



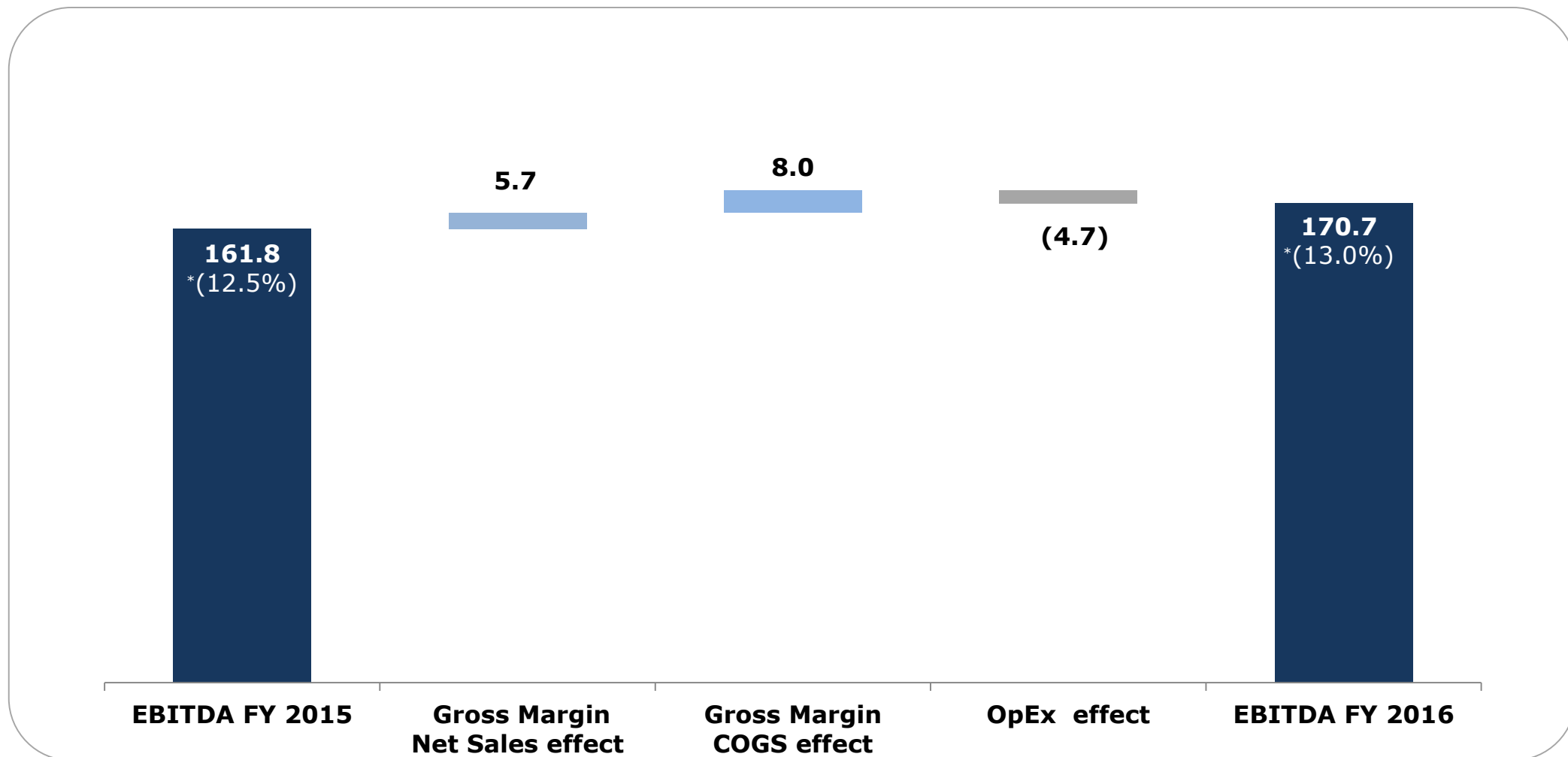
...leading Net Sales slightly up, despite negative FX and dilutive mix effect of scooters recently launched in Europe and in India



Scooters revenue growth acceleration in Western Countries and India partially offset by negative performance in Vietnam
Bikes positive performance in Europe overshadowed by N.A. market weakness

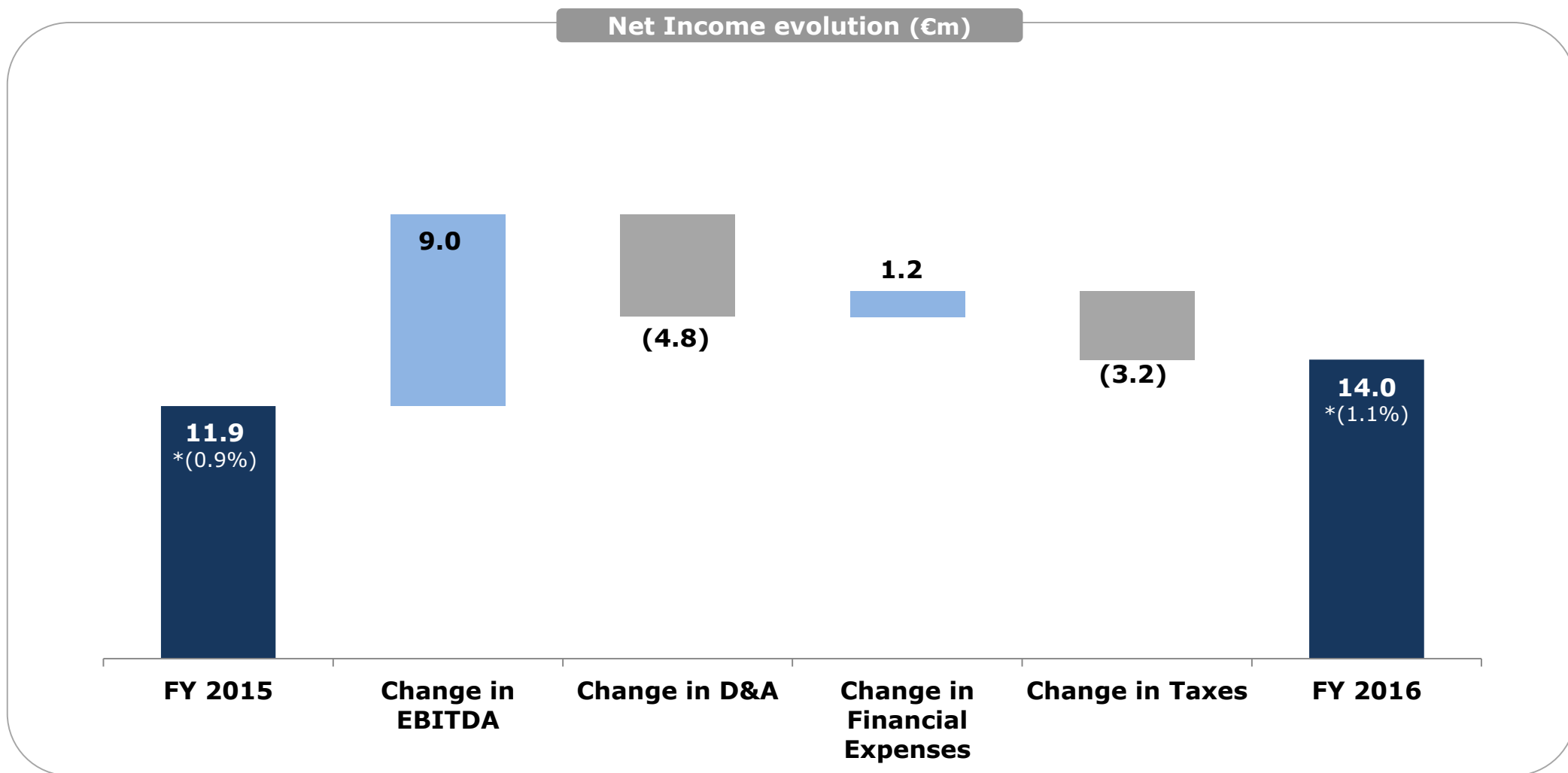


Heightened product profitability coupled with top line growth drove EBITDA uplift coupled with a significant rise of the ratio on Net Sales, ...



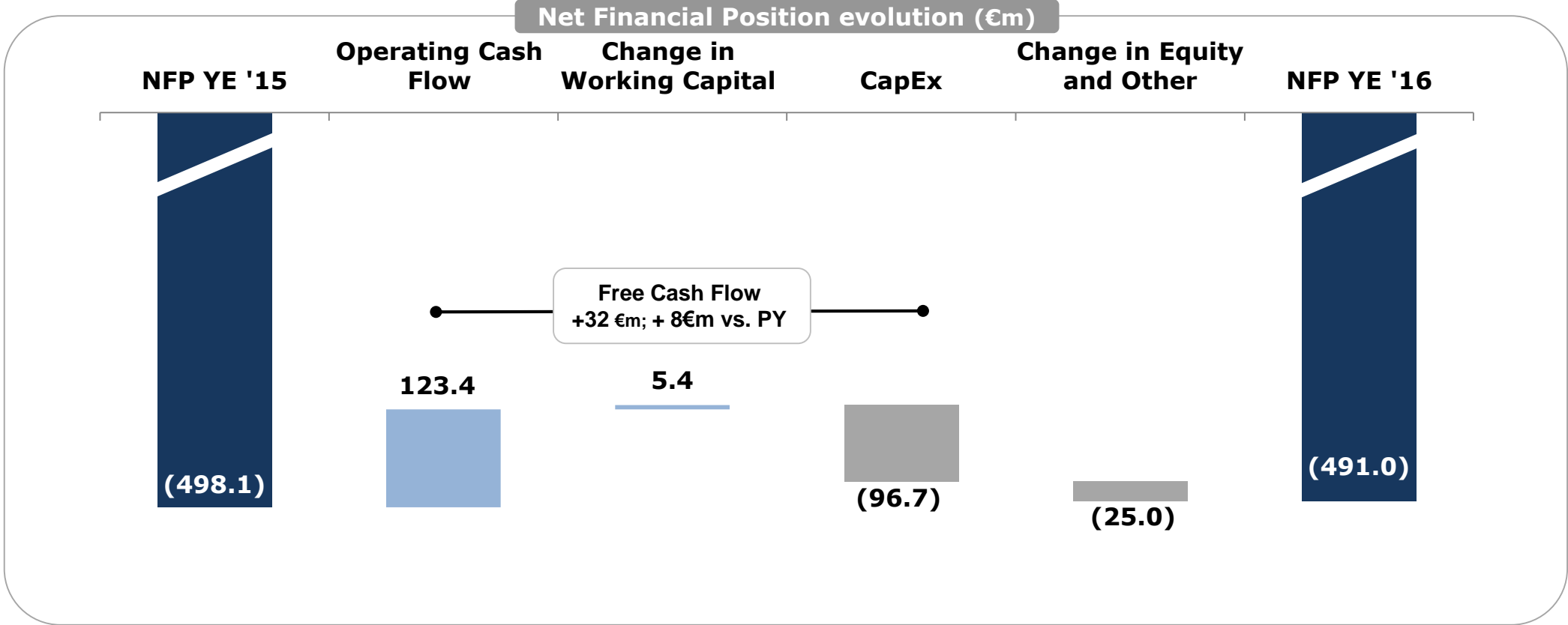
* % on Net Sales

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



* % on Net Sales

Healthy Free Cash Flow generation led NFP below December 2015, even after dividend and buy-back (1/2)



FY 2015 (€m)

(492.8)	109.8	16.0	(101.9)	(29.2)	(498.1)
NFP YE '14					NFP YE. '15

Healthy Free Cash Flow generation led NFP below December 2015, even after dividend and buy-back (2/2)

Balance Sheet evolution (€m)

	2014	2015	Chg. '15 vs YE '14	2016	Chg. '16 vs YE '15
Trade Receivable (*)	71.6	78.9	7.3	72.6	-6.3
Inventories	232.4	212.8	-19.6	208.5	-4.4
Commercial Payable	-383.6	-378.3	5.4	-393.1	-14.8
Other assets/liabilities	64.8	55.7	-9.0	75.7	20.0
Working Capital	(14.9)	(30.9)	-16.0	(36.3)	-5.4
Tangible Fixed Assets	319.5	319.6	0.1	312.8	-6.8
Intangible Fixed Assets	668.4	674.0	5.6	668.7	-5.3
Financial Investments	8.9	8.6	-0.3	7.9	-0.7
Provisions	-76.0	-68.8	7.1	-68.4	0.5
Net Invested Capital	905.9	902.5	-3.5	884.7	-17.7
Net Debt	492.8	498.1	5.3	491.0	-7.2
Equity	413.1	404.3	-8.8	393.7	-10.6
Total Sources	905.9	902.4	-3.5	884.7	-17.7
Net Debt/Equity	1.19	1.23		1.24	

(*) Net of advances from customers.