

PRESS RELEASE

**PIAGGIO GROUP: 2017 HALF-YEAR FINANCIAL STATEMENTS**

**Consolidated net sales 725.3 million euro, up 2.7%**  
(706.5 €/mln in H1 2016)

**Ebitda 114 million euro, up 12.3%**  
(101.5 €/mln in H1 2016)

**Ebitda margin 15.7%, best half-year performance to date**  
(14.4% in H1 2016)

**Industrial gross margin 227.9 million euro, up 5.3%**  
(216.4 €/mln in H1 2016)

**Return on net sales 31.4% (30.6% in H1 2016)**

**Ebit 53 million euro, up 10.9%**  
(47.8 €/mln in H1 2016)

**Ebit margin 7.3% (6.8% in H1 2016)**

**Profit before tax 36.5 million euro, up 21.4%**  
(30 €/mln in H1 2016)

**Net profit 21.1 million euro, up 17.4%**  
(18 €/mln in H1 2016)

**Cash flows 40.8 million euro, the best half-year result since 2008**  
(18.2 million euro in H1 2016)

**Net financial position -450.2 million euro,**  
**an improvement of 40.8 €/mln from -491 €/mln at 31 December 2016 and**  
**an improvement of 29.7 €/mln from -479.9 €/mln at 30 June 2016**

**Worldwide shipments of 280,700 vehicles in the first half (276,700 in H1 2016)**

\*\*\*

**The Piaggio Group reconfirms its leadership on the European two-wheeler market  
with a 14.8% overall share and a 26.1% share of the scooter sector**

*Pontedera, 28 July 2017* - At a meeting today chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the interim report on operations for the six months to 30 June 2017.

**Compared with the first half of 2016, Piaggio Group performance in the first half of 2017 was positive, with a strong improvement and a reduction in debt.**

**Piaggio Group business and financial performance at 30 June 2017<sup>1</sup>**

**Group consolidated net sales** in the first half of 2017 totalled **725.3 million euro, an improvement of 2.7%** from 706.5 million euro at 30 June 2016.

---

<sup>1</sup> 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 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.

The **industrial gross margin** at 30 June 2017 was **227.9 million euro, up by 5.3%** from 216.4 million euro in the year-earlier period. **The return on net sales was 31.4% (30.6% in the first half of 2016).**

**Operating expense** sustained in the first half of 2017 amounted to **174.9 million euro**, an increase of 6.3 million euro from the year-earlier figure, generated largely by the rise in amortisation and depreciation. **Net of amortisation and depreciation, operating expense** in the first half was **down 1.1%** from the year-earlier period.

The income-statement figures described above produced **consolidated Ebitda of 114 million euro, the best half-year figure of the last five years** (since H1 2012), with a **12.3% improvement** from 101.5 million euro in the first half to 30 June 2016. The **Ebitda margin** was **15.7%, the best half-year performance to date** (14.4% at 30 June 2016).

**EBIT** at 30 June 2017 was **53 million euro**, an increase of 10.9% (47.8 million euro in the first half of 2016). The **EBIT margin** was **7.3%** (6.8% at 30 June 2016).

For the first half of 2017, the Piaggio Group posted **profit before tax of 36.5 million euro, up 21.4%** compared with 30 million euro in the first half of 2016. Income tax for the period was 15.3 million euro, with an impact on pre-tax profit of 42%.

The **Piaggio Group** closed the first half of 2017 with **net profit of 21.1 million euro, an increase of 17.4%** compared with 18 million euro in the first half of 2016.

**Cash flows** in the first half of 2017 totalled **40.8 million euro**, the best first-half result since 2008 (18.2 million euro in the first half of 2016).

**Net financial debt** at 30 June 2017 stood at **450.2 million euro, an improvement of 40.8 million euro** from 491 million euro at 31 December 2016 and of 29.7 million euro from 479.9 million euro at 30 June 2016.

Group **shareholders' equity** at 30 June 2017 was **391.1 million euro** (393.7 million euro at 31 December 2016).

Piaggio Group **capital expenditure** in the first half of 2017 amounted to **38.8 million euro** (47 million euro in the year-earlier period), of which **24.2 million euro for R&D expenditure** (25 million euro in H1 2016) and approximately 14.6 million euro for property, plant and equipment, investment property and intangible assets (approximately 22 million euro in H1 2016).

**The total workforce** of the Piaggio Group at 30 June 2017 numbered **6,584 employees**. The Group's Italian employees numbered 3,496, substantially unchanged from the year-earlier period.

### **Business performance in the first half to 30 June 2017**

In the first six months of 2017, the **Piaggio Group sold 280,700 vehicles worldwide**, an increase of 1.4% from 276,700 in the year-earlier period.

At **geographical level**, the sales growth in the EMEA and the Americas areas (+5.8%) more than counterbalanced the decreases reported in India (-2.2% due to slower sales of commercial vehicles mainly as a result of the Indian Government's demonetisation policy) and in Asia Pacific (-4.4%), although the latter area is making a healthy recovery.

In the first half of 2017, the Group sold **202,100 two-wheelers** worldwide (up 11% from 182,100 in the year-earlier period), generating **net sales of 541.7 million euro, an improvement of 6.8%** from 507.4 million euro in the first half of 2016. The figure **includes spares and accessories, on which turnover totalled 67.3 million euro**, an increase of 3.8% from the year-earlier period.

In the first half of 2017 the **Piaggio Group continued to strengthen its presence on the European two-wheeler market**, with an **overall market share of 14.8%** (14.8% also in the first half of 2016), **rising to 26.1%** (26% in the year-earlier period) **in the scooter sector alone**. The Group maintained a particularly strong presence on the North American scooter market, with a share of 19.1%; it is also committed to strengthening its position in motorcycles in North America. On the Indian two-wheeler market, the Group almost doubled its sales volumes from the year-earlier period, thanks to the introduction of the new Aprilia SR 150 scooter, which has been very warmly received. Analysing performance in Asia Pacific, Vietnam reported a decline in scooter sales volumes, while the Group expanded its offer in Thailand through its recent entry on to the motorcycle market with the introduction of the Aprilia and Moto Guzzi brands, flanking the already well-established scooter offer with the Vespa and Piaggio brands.

Highlights in the **scooter sector** included the **excellent results of the Vespa brand**, which boosted **worldwide sales by 9.3%** from the first half of 2016, and strengthened its presence on the **EMEA market**, with net sales growth of **16.4%**, **and in Asia**, with net sales growth of **11.1%**. Performance was also positive in high-wheel scooters, where the Group reported **revenue growth** at global level, largely thanks to the new **Liberty** and to the **Beverly**.

Still in the scooter sector, the **Aprilia brand** also performed well, **especially on the Indian market thanks to the Aprilia SR 150 sports scooter**, which has been very well received.

Performance was strong in the **Group motorcycle sector** too, with **sales growth** for the **Aprilia** brand, generated in particular by the naked models of the **Tuono** family and the excellent response to the **new super sports model RSV4 1000**, which achieved an **increase of more than 20%** in part as a result of the strong return in terms of performance and image from Aprilia's participation in the world MotoGP championship. In the second half of the year, Aprilia will also benefit from sales of the new Aprilia Shiver 900 and Dorsoduro 900, launched on the market in June 2017. Revenue increased at **Moto Guzzi**, driven specifically by the **California** range and the **V7** motorbikes, whose fiftieth anniversary this year has been marked with an ad hoc model.

In the **commercial vehicles** sector, the Group sold **78,700 vehicles** (94,700 in the first half of 2016) for **net sales of 183.6 million euro** (199.1 million euro in the first half to 30 June 2016). The figure includes **spares and accessories**, where **sales totalled 22.6 million euro** (22.4 million euro at 30 June 2016). Although demand on the Indian market for **three-wheel commercial vehicles** is still falling, the PVPL subsidiary had an **overall share of 30.7%** (28.3% in the first half of 2016) and confirmed its **leadership in the Cargo segment** with a market share of **49.4%**. An important international development program is being rolled out for commercial vehicles in 2017, beginning with the recent **strengthening of the Group's presence in the high-potential markets of Latin America, Africa and Asia** and the extension of the distribution network to 23 countries.

In the first six months of 2017 the **PVPL production hub** also exported **8,600 commercial vehicles** worldwide. These sales arose in part in the EMEA and Americas areas and in part in the India area, in connection with responsibility for management of the individual markets.

### **Significant events in the first half of 2017**

In addition to the information published at the time of approval of the 2017 first-quarter results (directors' meeting of 03 May 2017):

In February 2017, in Boston, PFF presented its first innovative projects, GITA and KILO, two smart vehicles designed to improve mobility productivity in today's increasingly complex urban environments. GITA and KILO observe, communicate and assist, with a payload of up to 100 kg and a range of 20 km in an urban setting. They accompany the user, map their surroundings and monitor other moving objects. Their technology also enables them to move independently.

On 6 April, Michele Colaninno, a director of Piaggio & C. S.p.A. and Chairman of Piaggio Fast Forward, was appointed Vice President of ACEM (Association des Constructeurs Européens de Motocycles), the European motorcycle industry association in Brussels, of which all the world two-wheeler groups are members.

Also on 6 April, with a sentence that will go down in history, the Court of Turin declared the full validity of the three-dimensional trademark of the Vespa scooter and recognised the specific creative nature and artistic value of the shape that has characterised the scooter since it first went into production in 1946.

On 21 April, the Piaggio Group made its debut appearance at Auto Shanghai 2017, one of Asia's most important automotive tradeshows, confirming its attention to the Chinese market consistently with its strategy to strengthen and re-organise its Asian operations. The Group also announced the appointment of Gianluca Fiume (previously Group VP for the European two-wheeler market) as the new President and General Manager of Piaggio Vietnam, with responsibility for all South-East Asian markets.

On 29 May, at the 2017 MITX Awards (an important annual technology and innovation award in America), Piaggio Fast Forward (PFF) won the award in the Disruptive Genius - Company category for distinction "in unconventional innovative thinking, being the first to explore new frontiers and promoting the innovation economy through its operations".

On 12 June the new Piaggio Porter 700 was presented in India; this modern, versatile vehicle is a revolutionary model in India, suitable both for last-mile deliveries and for intercity travel. On the same occasion, the appointment of Diego Graffi as CEO of the Indian subsidiary, PVPL, was announced.

On 13 June the Piaggio Group announced that Aprilia had been named as Italy's most innovative company in the Motorcycle/Scooter category. The recognition came from the German Quality and Finance Institute, which awards its distinguished "TOP INNOVATIVE COMPANY" quality seals every year, based on a survey comparing the direct opinions of hundreds of thousands of Italian consumers about their purchase experiences.

Also on 13 June, the new naked Aprilia Shiver 900 and the new supermotard Aprilia Dorsoduro 900 were presented in Trento.

On 28 June the Piaggio Group (see press release of 3 July) issued a 30 million euro long-term bond underwritten by Fondo Sviluppo Export, a fund initiated by SACE (CDP Group) and managed by Amundi SGR. The bond is intended for institutional investors and will provide support for the Piaggio Group international growth plan.

### **Significant events after 30 June 2017**

On 11 July, the exclusive Vespa Sei Giorni scooter was launched in a numbered limited edition, as a 'descendant' of the original eponymous Vespa Sport "Sei Giorni" of 1951. A model with a large steel frame, the scooter was developed from the Vespa GTS 300cc Euro 4 two-wheeler.

\* \* \*

### **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 Asian countries in the Far East, Piaggio Group commercial and industrial operations will focus on:

- confirming the leadership position on the European two-wheeler market, taking full advantage of the expected recovery through:
  - further strengthening of its product range;
  - maintenance of current positions on the European commercial vehicle market;
- consolidating its presence in Asia Pacific, in part through the opening of new Motoplex stores, the exploration of new opportunities in countries in the region, with a particular focus on the premium segment of the market;

- increasing sales on the Indian scooter market thanks to the Vespa offer and the success of the new Aprilia SR 150;
- growing the penetration of commercial vehicles in India and related sales in the emerging countries, aiming for further growth in exports to Africa and South America.

From the technological viewpoint, the Piaggio Group will continue research on new solutions to current and future mobility problems, through the work of Piaggio Fast Forward (Boston) and new advances in design at PADc (Piaggio Advanced Design center) in Pasadena.

In Europe, the Group R&D centres with a more traditional approach to new product development and production start-ups, will work on technologies and platforms that enhance the functional and emotional aspects of vehicles, through continuous advances in power trains, in particular electric power trains, where Piaggio boasts a pioneering tradition dating back to the mid-1970s.

At a more general level, the Group maintains its commitment – a characteristic of recent years and continuing in 2017 – to generate higher productivity through close attention to cost and investment efficiency, in compliance with its ethical principles.

\* \* \*

### Conference call with analysts

The presentation of the financial results as at and for the six months ended 30 June 2017, which will be illustrated during a conference call with financial analysts, is available on the corporate website at [www.piaggiogroup.com/it/investor](http://www.piaggiogroup.com/it/investor) and on the “eMarket Storage” authorised storage mechanism on the website [www.emarketstorage.com](http://www.emarketstorage.com).

\* \* \*

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 2017 are set out below. To date, the limited audit of the condensed interim consolidated financial statements as at and for the six months ended 30 June 2017 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 (TUF), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

\* \* \*

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 2016 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.

For further information:

**Piaggio Group Corporate Press Office**

**Director Diego Rancati**

Via Broletto, 13 - 20121 Milan - Italy

+39 02.319612.19/.16

[diego.rancati@piaggio.com](mailto:diego.rancati@piaggio.com)

[stefania.giorgioni@piaggio.com](mailto:stefania.giorgioni@piaggio.com)

**Image Building**

Via Privata Maria Teresa, 11 - 20123 Milan - Italy

+39 02 89011300

[piaggio@imagebuilding.it](mailto:piaggio@imagebuilding.it)

**Piaggio Group Investor Relations**

Viale Rinaldo Piaggio, 25

56025 Pontedera (PI) - Italy

+39.0587.272286

[investorrelations@piaggio.com](mailto:investorrelations@piaggio.com)

[piaggiogroup.com](http://piaggiogroup.com)

## SCHEDULES

### Consolidated Income Statement

	H1 2017		H1 2016	
	Total	<i>of which related parties</i>	Total	<i>of which related parties</i>
<i>In thousands of euro</i>				
Net Sales	725,306	998	706,496	684
Cost of materials	420,130	16,424	412,043	14,825
Cost of services and use of third-party assets	119,792	1,933	122,748	1,878
Employee expense	113,300		112,196	
Depreciation and impairment property, plant and equipment	23,500		23,145	
Amortisation and impairment intangible assets	37,503		30,565	
Other operating income	53,276	189	52,358	510
Other operating expense	11,383	6	10,395	13
<b>EBIT</b>	<b>52,974</b>		<b>47,762</b>	
Results of associates	637	637	704	696
Finance income	407		581	
Finance costs	18,113	66	18,348	67
Net exchange-rate gains/(losses)	547		(680)	
<b>Profit before tax</b>	<b>36,452</b>		<b>30,019</b>	
Income tax expense	15,310		12,008	
<b>Profit from continuing operations</b>	<b>21,142</b>		<b>18,011</b>	
Discontinued operations:				
Profit or loss from discontinued operations				
<b>Profit (loss) for the period</b>	<b>21,142</b>		<b>18,011</b>	
Attributable to:				
Equity holders of the parent	21,142		18,011	
Minority interests				
Earnings per share (in €)	0.059		0.050	
Diluted earnings per share (in €)	0.059		0.050	

## Consolidated Statement of Comprehensive Income

	H1 2017	H1 2016
<i>In thousands of euro</i>		
<b>Profit (loss) for the period (A)</b>	<b>21,142</b>	<b>18,011</b>
<b>Items that cannot be reclassified to profit or loss</b>		
Re-measurement of defined benefit plans	1,921	(3,367)
<b>Total</b>	<b>1,921</b>	<b>(3,367)</b>
<b>Items that may be reclassified to profit or loss</b>		
Gains (losses) on translation of financial statements of foreign entities	(5,440)	(2,544)
Share of components of Comprehensive Income relating to equity-accounted investees	(542)	(407)
Total gains (losses) on cash flow hedges	40	147
<b>Total</b>	<b>(5,942)</b>	<b>(2,804)</b>
<b>Other comprehensive income (expense) (B)*</b>	<b>(4,021)</b>	<b>(6,171)</b>
<b>Total comprehensive income (expense) for the period (A + B)</b>	<b>17,121</b>	<b>11,840</b>
* Other comprehensive income (expense) taking related tax effects into account		
<b>Attributable to:</b>		
Equity holders of the parent	17,094	11,889
Minority interests	27	(49)

## Consolidated Statement of Financial Position

	At 30 June 2017		At 31 December 2016	
	Total	<i>of which related parties</i>	Total	<i>of which related parties</i>
<i>In thousands of euro</i>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	656,104		668,665	
Property, plant and equipment	284,412		301,079	
Investment property	11,667		11,710	
Equity investments	7,541		7,445	
Other financial assets	13,629		19,209	
Non-current tax receivables	17,090		15,680	
Deferred tax assets	59,483		60,372	
Trade receivables				
Other receivables	12,355	115	13,170	133
<b>Total non-current assets</b>	<b>1,062,281</b>		<b>1,097,330</b>	
<b>Assets held for sale</b>				
<b>Current assets</b>				
Trade receivables	126,885	2,100	75,166	3,350
Other receivables	23,304	9,357	24,151	8,753
Current tax receivables	29,743		26,783	
Inventories	251,166		208,459	
Other financial assets	3,564		7,069	
Cash and cash equivalents	222,757		191,757	
<b>Total current assets</b>	<b>657,419</b>		<b>533,385</b>	
<b>Total Assets</b>	<b>1,719,700</b>		<b>1,630,715</b>	

	<u>At 30 June 2017</u>		<u>At 31 December 2016</u>	
	<i>Total</i>	<i>of which related parties</i>	<i>Total</i>	<i>of which related parties</i>
<i>In thousands of euro</i>				
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital and reserves attributable to equity holders of the parent	391,415		394,019	
Share capital and reserves attributable to minority interests	(278)		(305)	
<b>Total shareholders' equity</b>	<b>391,137</b>		<b>393,714</b>	
<b>Non-current liabilities</b>				
Borrowings due after one year	521,739	2,900	535,105	2,900
Trade payables				
Other non-current provisions	11,011		10,566	
Deferred tax liabilities	4,132		3,880	
Pension funds and employee benefits	45,361		48,924	
Tax payables				
Other non-current payables	5,463	162	5,485	162
<b>Total non-current liabilities</b>	<b>587,706</b>		<b>603,960</b>	
<b>Current liabilities</b>				
Borrowings due within one year	168,091		173,445	
Trade payables	492,013	16,845	395,649	9,935
Tax payables	16,284		8,128	
Other current liabilities	54,755	7,198	46,936	7,152
Current portion of other non-current provisions	9,714		8,883	
<b>Total current liabilities</b>	<b>740,857</b>		<b>633,041</b>	
<b>Total Shareholders' equity and Liabilities</b>	<b>1,719,700</b>		<b>1,630,715</b>	

## Consolidated Statement of Cash Flows

	H1 2017		H1 2016	
	Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>				
<i>Operating assets</i>				
Consolidated net profit (loss)	21,142		18,011	
Earnings attributable to minority interests	0		0	
Tax for the period	15,310		12,008	
Depreciation property, plant and equipment	23,500		23,145	
Amortisation intangible assets	37,503		30,565	
Allowances for risks, retirement funds and benefits for employees	9,883		9,321	
Impairment losses / (Reversals)	775		514	
Losses / (Gains) realised on sale of property, plant and equipment	(77)		(74)	
Losses / (Gains) realised on sale of intangible assets	(2)		0	
Finance income	(343)		(499)	
Dividend income	0		(7)	
Finance costs	16,610		16,927	
Income from public grants	(1,843)		(2,078)	
Share of results of associates	(637)		(697)	
<i>Change in working capital:</i>				
(Increase)/Decrease in trade receivables	(51,195)	1,250	(39,828)	(9)
(Increase)/Decrease in other receivables	1,913	(586)	3,856	(140)
(Increase)/Decrease in inventories	(42,707)		(44,191)	
Increase/(Decrease) in trade payables	96,364	6,910	104,001	4,540
Increase/(Decrease) in other payables	7,797	46	7,634	963
Increase/(Decrease) in provisions for risks	(4,721)		(5,114)	
Increase/(Decrease) in retirement funds and employee benefits	(7,208)		83	
Other changes	(861)		(18,989)	
<b>Cash generated by operating activities</b>	<b>121,203</b>		<b>114,588</b>	
Interest expense paid	(15,428)		(15,967)	
Tax paid	(6,704)		(9,941)	
<b>Cash flow from operating activities (A)</b>	<b>99,071</b>		<b>88,680</b>	
<i>Investing activities</i>				
Investment in property, plant and equipment	(12,109)		(19,871)	
Sale price or redemption value of property, plant and equipment	160		192	
Investment in intangible assets	(26,661)		(27,100)	
Sale price or redemption value of intangible assets	467		0	
Interest collected	399		307	
<b>Cash flow from investing activities (B)</b>	<b>(37,744)</b>		<b>(46,472)</b>	
<i>Financing activities</i>				
Own share purchases	0		(4,980)	
Outflow for dividends paid	(19,698)		(17,962)	
Loans received	80,484		77,723	
Outflow for loan repayments	(84,933)		(45,815)	
Repayment of finance leases	(561)		(15)	
<b>Cash flow from financing activities (C)</b>	<b>(24,708)</b>		<b>8,951</b>	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	36,619		51,159	
<b>Opening balance</b>	<b>191,400</b>		<b>101,302</b>	
Exchange differences	(5,354)		(1,182)	
<b>Closing balance</b>	<b>222,665</b>		<b>151,279</b>	