

PRESS RELEASE

PIAGGIO GROUP: RESULTS AT 30 SEPTEMBER 2016

**Consolidated net sales 1,031.7 million euro, up 2.9% (+4.7% at constant exchange rates)
(1,002.6 €/mln at 30 September 2015)**

**Ebitda 141.5 million euro, up 4.3% (+5.5% at constant exchange rates)
(135.7 €/mln at 30 September 2015)**

Ebitda margin 13.7% (13.5% at 30 September 2015)

**Industrial gross margin 309.9 million euro, up 4.5%
(296.5 €/mln at 30 September 2015)**

**Ebit 60.5 million euro, up 4.2%
(58.1 €/mln at 30 September 2015)**

Ebit margin 5.9% (5.8% at 30 September 2015)

**Net profit 19.2 million euro, up 4.6%
(18.3 €/mln at 30 September 2015)**

**Net financial position -469.5 million euro
an improvement of 28.6 €/mln from -498.1 €/mln at 31 December 2015 and
an improvement of 26.3 €/mln from -495.8 €/mln at 30 September 2015**

411,700 vehicles shipped worldwide (+3.9% from 396,200 at 30 September 2015)

**The Piaggio Group strengthens its leadership on the European two-wheeler market
with a 15.5% overall share and a 25.9% share of the scooter sector**

**Strong revenue growth in high-wheel scooters assisted by the new
Piaggio Liberty and Medley ABS, as well as the Beverly**

Mantua, 28 October 2016 - 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 nine months to 30 September 2016.

Piaggio Group performance was positive in the first nine months of 2016, with an improvement in all the main indicators compared with the first nine months of 2015.

Piaggio Group business and financial performance at 30 September 2016¹

Group consolidated net sales in the first nine months of 2016 totalled **1,031.7 million euro, up 2.9% (+4.7% at constant exchange rates)** from 1,002.6 million euro at 30 September 2015.

Revenues rose on all the main Group lines of business, with turnover in the **two-wheeler sector** rising to **730 million euro**, up 4.1% from 701.1 million euro in the first nine months of

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 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.

2015 including spares and accessories. Revenues for **commercial vehicles**, including spares and accessories, were **301.7 million euro**, substantially stable compared with 301.5 million euro at 30 September 2015.

At **geographical level**, the revenue growth in EMEA and the Americas (+4.9%) and Asia Pacific (+3.1%) more than counterbalanced the decrease reported in India due to a negative exchange-rate effect (-2.0%; +3.3% at constant exchange rates). **Performance was particularly positive in the main Asian countries covered by Piaggio Vietnam, with turnover in the first nine months of 2016 rising by approximately 40%**, a clear sign of the **huge potential in the area**.

The **industrial gross margin** at 30 September 2016 was **309.9 million euro, up by 4.5%** from 296.5 million euro in the year-earlier period. **The return on net sales was 30%**, up from 29.6% in the first nine months of 2015. Amortisation and depreciation included in the industrial gross margin totalled 26.9 million euro, compared with 28.2 million euro in the first nine months of 2015.

Operating expense in the first nine months of 2016 was **249.4 million euro** (238.4 million euro at 30 September 2015). Operating expense includes amortisation and depreciation of 54.1 million euro not included in the industrial gross margin (49.4 million euro in the first nine months of 2015).

The changes in the income statement described above generated **consolidated EBITDA of 141.5 million euro, an increase of 4.3%** (5.5% at constant exchange rates) from 135.7 million euro in the first nine months of 2015, and an **EBITDA margin** of 13.7% (up from 13.5% at 30 September 2015).

EBIT in the first nine months of 2016 amounted to **60.5 million euro**, up 4.2% from 58.1 million euro in the year-earlier period. The **EBIT margin** was 5.9% (5.8% at 30 September 2015).

At 30 September 2016, the Piaggio Group posted **profit before tax of 33.6 million euro, up 10.1%** compared with 30.5 million euro in the year-earlier period. Income tax for the period was 14.5 million euro, with an impact on pre-tax profit of 43%.

The first nine months of 2016 closed with **net profit of 19.2 million euro, an increase of 4.6%** compared with 18.3 million euro in the year-earlier period.

At 30 September 2016, the Piaggio Group had **net debt of 469.5 million euro, an improvement** of 28.6 million euro from 31 December 2015 (498.1 million euro) and of 26.3 million euro from 30 September 2015 (495.8 million euro).

Group **shareholders' equity** at 30 September 2016 was **393.2 million euro** (404.3 million euro at 31 December 2015).

Piaggio Group **capital expenditure** in the nine months to 30 September 2016 amounted to **65.7 million euro** (68.2 million euro in the year-earlier period), of which **35.5 million euro for R&D expenditure** (39.9 million euro in the first nine months of 2015) and approximately 30.2 million euro for property, plant and equipment, investment property and intangible assets (28.3 million euro at 30 September 2015).

The total workforce of the Piaggio Group at 30 September 2016 numbered **7,197 employees**. The Group's Italian employees numbered 3,585, substantially unchanged from the year-earlier period.

Business performance in the nine months to 30 September 2016

In the first nine months of 2016, the **Piaggio Group sold 411,700 vehicles worldwide**, an increase of **3.9%** from 396,200 in the year-earlier period.

In the nine months to 30 September 2016, the Group sold **266,400 two-wheelers worldwide** (up 6.1% from 251,000 in the year-earlier period), generating **net sales of 730 million euro, an**

improvement of 4.1% from 701.1 million euro in the first nine months of 2015. The figure **includes spares and accessories, on which turnover totalled 97.4 million euro** (in line with the first nine months of 2015).

A positive contribution to two-wheeler revenues also came from the marketing of the **Piaggio Wi-Bike pedal-assisted bicycle, a clear example of the developments being taken forward by the Group in electric vehicles.**

In the first nine months of 2016, the **Piaggio Group continued to strengthen its leadership on the European two-wheeler market**, with an **overall market share of 15.5%** (15.1% at 30 September 2015) and a **25.9% share of the scooter segment**. The Group also maintained a particularly strong positioning on the **North American scooter market, with a share of 18.9%**. On this market, the Group is also boosting its presence in the motorcycle segment with the Aprilia and Moto Guzzi brands.

In the **scooter segment**, attention is drawn to the results of the Piaggio Group in the **high-wheel segment**, where global **revenues made strong progress**, largely thanks to the **Nuovo Piaggio Liberty**, the **Beverly** and the new **Piaggio Medley ABS**, which has boosted market share for Group vehicles since entering the segment.

The **Vespa brand** strengthened its presence on the **European market, with revenues up by 3.6%**.

In August, the **Aprilia brand made its debut on the Indian scooter market** (the largest in the world, with more than 5 million vehicles shipped every year and growth of 22% in the first nine months of 2016 from the year-earlier period), with the **launch of the Aprilia SR 150 sports scooter sold at the competitive price of 65,000 rupees** (approximately 880 euro). Around **3,000 scooters** had been sold by the end of September 2016 and **sales are expected to intensify** in the final months of the year.

The **Group motorcycle sector** also reported healthy performance, thanks to an **8% increase in Moto Guzzi sales**, assisted by the new **V9 Roamer and Bobber** and by the first **sales of the MGX-21**, the large total black cruiser, which had its world preview in August at the 76th Sturgis Motorcycle Rally to a warm reception from users and the international media. Analysis of the **Aprilia brand** reflects the growth of the supersport models in the **Tuono V4** range, which reported a **43.4% increase in sales**. Aprilia was also in the spotlight at the German two-wheeler show Intermot in Cologne in early October, where it presented the **new Aprilia Tuono 125 and the Aprilia RS 125 my 2017**, to strengthen its position in 125cc vehicles, one of the fastest growing market segments to date (+33.3% in the first nine months in Italy, YoY - Ancma figures).

In the **commercial vehicles** sector, the Group sold **145,300 vehicles** (145,100 in the first nine months of 2015) for **net sales of 301.7 million euro** (301.5 million euro in the year-earlier period). The figure includes **spares and accessories**, where **sales totalled 33.1 million euro** (+5.6% from 31.4 million euro in the first nine months of 2015). On the Indian market for **three-wheel commercial vehicles**, the PVPL subsidiary had an **overall share of 28.3%** and confirmed its **leadership in the Cargo segment** with a market share of **51.2%**. The Group also recently **strengthened its positioning in South America** where it **began marketing the new Ape City and Ape Romanza in Mexico**. **By the end of 2016 the vehicles will also be exported to Peru, Colombia, Guatemala and Honduras**, where previous models of the Ape are already available and with versions for goods transport or that can be adapted for use as mobile shops.

In the first nine months of 2016 the **PVPL production hub** also exported **15,300 three-wheel commercial vehicles worldwide**. These sales arose in part in the EMEA and Americas area and in part in the India area, in connection with responsibility for management of the individual markets.

Significant events in the first nine months of 2016

In addition to the information published at the time of approval of the 2016 half-year results (directors' meeting of 29 July 2016):

On 7 July, the Piaggio Group signed important agreements to market the Vespa and Piaggio brands in Brazil, Argentina and Uruguay.

On 7 July, the Group also presented the new versions of the Vespa Primavera and Vespa Sprint equipped with the new Piaggio I-Get engine, which complies with Euro4 regulations. The new scooters offer a richer range of features, including ABS, which is now a standard function on all 125 and 150cc versions, and a USB port.

On 14 July, the Piaggio Group announced its continuation of growth on the world's fastest growing high-volume markets with the entry of the Aprilia brand on to the Indian scooter market. Local marketing began in August of the new Aprilia SR 150 sports scooter at the competitive prices of 65,000 rupees (approximately 880 euro).

In August, Moto Guzzi took part in the 76th Sturgis Motorcycle Rally (8 - 14 August), one of the world's largest two-wheeler rallies, for a preview presentation of the new MGX-21. The Moto Guzzi MGX-21 is a large cruiser with a 1400cc transverse 90° V-twin engine, featuring latest-generation electronic driving systems; the model is sold in carbon fibre total black with red cylinder heads, a front shield and large 21" front wheel.

On 11 August, the Piaggio Group announced the roll-out of its distribution network on the Indian and Asia Pacific market (APAC) with the opening of 12 new Motoplex multibrand stores. The latest additions take the worldwide total of Piaggio Group Motoplex stores flanking the traditional distribution network to 140, located in the EMEA area, APAC (including India) and the Americas.

Significant events after 30 September 2016

On 4 October the Piaggio Group took part in Germany's Intermot two-wheeler show, with the presentation of important additions for its Aprilia and Moto Guzzi motorcycle brands and for the Vespa range. Specifically, it unveiled the Aprilia Tuono 125, the Aprilia RS 125 MY 2017, the Moto Guzzi Audace Carbon and the new Vespa GTS equipped with the liquid-cooled I-Get engine, in 125 and 150cc displacements.

On 10 October, as part of its plans to expand and strengthen its operations on markets in South America, the Piaggio Group began marketing the Ape, its well-known three-wheel vehicle, in Mexico. In Mexico, the Ape has been launched in the new Ape City and Ape Romanza passenger models. By the end of 2016 the Group also plans to begin marketing in Peru, Colombia, Guatemala and Honduras, where previous models of the Ape are already available and with versions for goods transport or that can be adapted for use as mobile shops.

On 24 October Piaggio & C. S.p.A. said it had signed a 12.8 million euro leasing agreement with Alba Leasing expiring in 2026 to finance the new automated paint shop at the Pontedera factory. For the Piaggio Group, the leasing contract is part of an on-going series of measures to optimise its debt structure by extending its average debt maturity and diversifying its sources of funding, assisted by the opportunities currently offered by a favourable market scenario.

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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:

- a further strengthening of the product range, to grow sales and margins in the high-wheel scooter sector with the new Liberty and Medley and in the motorcycle sector, with the renewed Moto Guzzi and Aprilia ranges and with the entry on to the e-bike market, with the new Piaggio Wi-Bike;
- maintenance of current positions on the European commercial vehicle market;
- consolidation in the Asia Pacific region by exploring new opportunities in mid-range motorcycles and replicating the premium strategy in Vietnam throughout the region, with a special focus on the Chinese 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 for the other Group brands;
- growing commercial vehicle sales in India and the emerging countries, aiming for further growth in exports to Africa and South America.

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Conference call with analysts

The presentation of the financial results as at and for the nine months ended 30 September 2016, 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 nine months ended 30 September 2016 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 (TUF), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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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 2015 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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SCHEDULES

Consolidated Income Statement

| | <u>First nine months 2016</u> | | <u>First nine months 2015</u> | |
|---|-------------------------------|---|-------------------------------|---|
| | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of euro</i> | | | | |
| Net Sales | 1,031,723 | 739 | 1,002,603 | 216 |
| Cost of materials | 610,365 | 20,011 | 590,289 | 21,464 |
| Cost of services and use of third-party assets | 178,067 | 2,919 | 177,884 | 2,848 |
| Employee expense | 161,914 | | 162,236 | |
| Depreciation and impairment property, plant and equipment | 33,484 | | 34,635 | |
| Amortisation and impairment intangible assets | 47,551 | | 42,973 | |
| Other operating income | 74,172 | 665 | 78,984 | 496 |
| Other operating expense | 14,025 | 21 | 15,492 | 30 |
| EBIT | 60,489 | | 58,078 | |
| Results of associates | 487 | 480 | 281 | 302 |
| Finance income | 733 | | 564 | |
| Finance costs | 27,853 | 100 | 28,551 | 124 |
| Net exchange-rate gains/(losses) | (246) | | 153 | |
| Profit before tax | 33,610 | | 30,525 | |
| Income tax expense | 14,453 | | 12,210 | |
| Profit from continuing operations | 19,157 | | 18,315 | |
| Discontinued operations: | | | | |
| Profit or loss from discontinued operations | | | | |
| Profit (loss) for the period | 19,157 | | 18,315 | |
| Attributable to: | | | | |
| Equity holders of the parent | 19,157 | | 18,307 | |
| Minority interests | 0 | | 8 | |
| Earnings per share (in €) | 0.053 | | 0.051 | |
| Diluted earnings per share (in €) | 0.053 | | 0.051 | |

Consolidated Statement of Comprehensive Income

| | First nine months 2016 | First nine months 2015 |
|--|---------------------------|---------------------------|
| <i>In thousands of euro</i> | | |
| Profit (loss) for the period (A) | 19,157 | 18,315 |
| Items that cannot be reclassified to profit or loss | | |
| Re-measurement of defined benefit plans | (4,341) | 2,233 |
| Total | (4,341) | 2,233 |
| Items that may be reclassified to profit or loss | | |
| Gains (losses) on translation of financial statements of foreign entities | (2,457) | 2,171 |
| Total gains (losses) on cash flow hedges | 31 | 256 |
| Total | (2,426) | 2,427 |
| | (6,767) | 4,660 |
| Total comprehensive income (expense) for the period (A + B) | 12,390 | 22,975 |
| * Other comprehensive income (expense) taking related tax effects into account | | |
| Attributable to: | | |
| Equity holders of the parent | 12,437 | 22,874 |
| Minority interests | (47) | 101 |

Consolidated Statement of Financial Position

| | At 30 September 2016 | | At 31 December 2015 | |
|---------------------------------|----------------------|---|---------------------|---|
| | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of euro</i> | | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 664,526 | | 673,986 | |
| Property, plant and equipment | 297,860 | | 307,608 | |
| Investment property | 11,811 | | 11,961 | |
| Equity investments | 9,518 | | 9,529 | |
| Other financial assets | 17,299 | | 24,697 | |
| Non-current tax receivables | 8,945 | | 5,477 | |
| Deferred tax assets | 55,879 | | 56,434 | |
| Trade receivables | | | | |
| Other receivables | 12,584 | 133 | 13,419 | 153 |
| Total non-current assets | 1,078,422 | | 1,103,111 | |
| Assets held for sale | | | | |
| Current assets | | | | |
| Trade receivables | 94,534 | 1,131 | 80,944 | 1,150 |
| Other receivables | 25,782 | 9,117 | 29,538 | 8,879 |
| Current tax receivables | 36,548 | | 21,541 | |
| Inventories | 236,263 | | 212,812 | |
| Other financial assets | 5,585 | | 2,176 | |
| Cash and cash equivalents | 150,956 | | 101,428 | |
| Total current assets | 549,668 | | 448,439 | |
| Total Assets | 1,628,090 | | 1,551,550 | |

| | <u>At 30 September 2016</u> | | <u>At 31 December 2015</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 | 393,445 | | 404,535 | |
| Share capital and reserves attributable to minority interests | (289) | | (242) | |
| Total shareholders' equity | 393,156 | | 404,293 | |
| Non-current liabilities | | | | |
| Borrowings due after one year | 472,737 | 2,900 | 520,391 | 2,900 |
| Trade payables | | | | |
| Other non-current provisions | 10,703 | | 9,584 | |
| Deferred tax liabilities | 4,040 | | 4,369 | |
| Pension funds and employee benefits | 53,506 | | 49,478 | |
| Non-current tax payables | 29 | | | |
| Other non-current payables | 5,199 | | 4,624 | |
| Total non-current liabilities | 546,214 | | 588,446 | |
| Current liabilities | | | | |
| Borrowings due within one year | 170,076 | | 105,895 | |
| Trade payables | 446,324 | 12,935 | 380,363 | 10,108 |
| Non-current tax payables | 7,078 | | 14,724 | |
| Other current liabilities | 56,448 | 9,505 | 48,050 | 8,666 |
| Current portion of other non-current provisions | 8,794 | | 9,779 | |
| Total current liabilities | 688,720 | | 558,811 | |
| Total Shareholders equity and Liabilities | 1,628,090 | | 1,551,550 | |

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 2016 | | First nine months 2015 | |
|---|------------------------|--------------------------|------------------------|--------------------------|
| | Total | of which related parties | Total | of which related parties |
| <i>In thousands of euro</i> | | | | |
| <i>Operating assets</i> | | | | |
| Consolidated net profit (loss) | 19,157 | | 18,307 | |
| Earnings attributable to minority interests | 0 | | 8 | |
| Tax for the period | 14,453 | | 12,210 | |
| Depreciation property, plant and equipment | 33,484 | | 34,635 | |
| Amortisation intangible assets | 47,551 | | 42,973 | |
| Allowances for risks, retirement funds and employee benefits | 13,797 | | 13,881 | |
| Impairment losses / (Reversals) | 852 | | 1,009 | |
| Losses / (Gains) on sale of property, plant and equipment | (93) | | (153) | |
| Finance income | (733) | | (563) | |
| Dividend income | (7) | | 0 | |
| Finance costs | 25,471 | | 27,905 | |
| Income from public grants | (2,970) | | (2,474) | |
| Share of results of associates | (480) | | (281) | |
| <i>Change in working capital:</i> | | | | |
| (Increase)/Decrease in trade receivables | (14,224) | 19 | (37,173) | (18) |
| (Increase)/Decrease in other receivables | 4,373 | (218) | 6,182 | 495 |
| (Increase)/Decrease in inventories | (23,451) | | 699 | |
| Increase/(Decrease) in trade payables | 65,961 | 2,827 | 23,172 | (3,198) |
| Increase/(Decrease) in other payables | 8,973 | 839 | 7,712 | 712 |
| Increase/(Decrease) in provisions for risks | (7,869) | | (8,055) | |
| Increase/(Decrease) in retirement funds and employee benefits | (1,723) | | (10,676) | |
| Other changes | (30,782) | | 1,105 | |
| Cash generated by operating activities | 151,740 | | 130,423 | |
| Interest expense paid | (15,769) | | (24,761) | |
| Tax paid | (16,935) | | (14,990) | |
| Cash flow from operating activities (A) | 119,036 | | 90,672 | |
| <i>Investing activities</i> | | | | |
| Investment in property, plant and equipment | (26,912) | | (24,937) | |
| | 224 | | 415 | |
| Investment in intangible assets | (38,767) | | (43,253) | |
| Sale price or redemption value of intangible assets | | | 44 | |
| Interest collected | 359 | | 346 | |
| Cash flow from investing activities (B) | (65,096) | | (67,385) | |
| <i>Financing activities</i> | | | | |
| Own share purchases | (5,565) | | 0 | |
| Outflow for dividends paid | (17,962) | | (26,007) | |
| Loans received | 72,050 | | 84,458 | |
| Outflow for loan repayments | (65,398) | | (68,190) | |
| Finance leases received | 12,839 | | 0 | |
| Repayment of finance leases | (1,307) | | (23) | |
| Cash flow from financing activities (C) | (5,343) | | (9,762) | |
| Increase / (Decrease) in cash and cash equivalents (A+B+C) | 48,597 | | 13,525 | |
| Opening balance | 101,302 | | 90,125 | |
| Exchange differences | (1,130) | | 2,095 | |
| Closing balance | 148,769 | | 105,745 | |