



Piaggio Group

First Half of 2020 Financial Results

Conference Call | July 27th 2020

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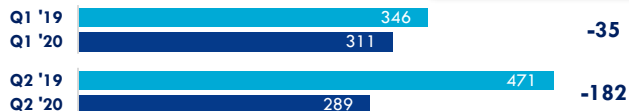
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Highlights

Resilient performance in a daunting market scenario as all operating targets provided in Q1 had been met

Net Sales* €m



Revenues decline acceleration, driven by lockdown measures and production outages, ...

Cash Operating Expenses* €m



... partially mitigated by **heightened cost containment actions consistent with targets provided in Q1...**

Net Debt/Cash Flow* €m



...whilst **cash dynamic reverted to positive in Q2**, with Working Capital reaping the benefits of strategic decision to increase inventories of materials & components in Q1

Liquidity Profile* €m



Secured additional undrawn committed credit lines in Q2 of around 90 €m **lifting Gross Cash**** close to 400€m

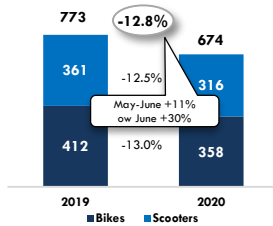
* Quarterly data showed on this slide are based on management estimates to facilitate the reading of the evolution of results and of covid-19 effects throughout the semester. Gross Cash calculated as liquidity plus committed undrawn credit lines

Key markets demand

Highlights

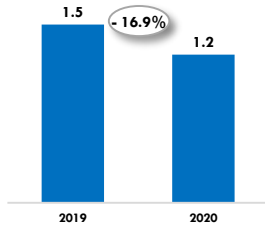
EMEA

2-Wheelers (k units)



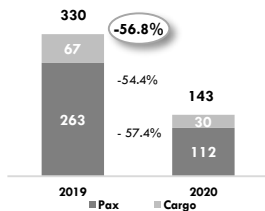
VIETNAM

2-Wheelers (m units)



INDIA*

Commercial Vehicles (k units)



EMEA & Americas

Overall 2 Wheelers demand still down YTD, but encouraging signals clearly emerged, with demand bouncing back strongly once lockdowns had been lifted:

- ▶ European 2 Wheelers rebounded strongly after April bottom, posting strong sequential acceleration in most of the Group's core markets, across product and displacement segments; notably Germany and The Netherlands ended the semester with demand already on the rise vs. prior year
- ▶ USA posted the classical V shape trend, with volumes soaring 30% in May-June leading the overall demand above prior year

Asia Pacific

Asia Pacific posted diverging trends:

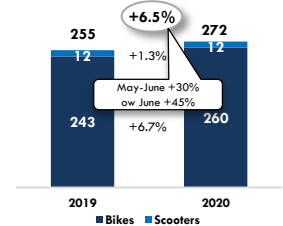
- ▶ Asean 5 countries negative demand trend accelerated across the semester driven by the spread of lockdown measures; Vietnam kept being the most resilient, also reflecting the lower impact of covid-19, whereas Indonesia and The Philippines had been hit the most with demand plummeting above 30%
- ▶ In stark contrast the trend of other key reference countries, with scooters in China ending up mid single digit in the semester and Taiwan confirming robust double digit growth

India

Demand plunged across segments hit hard by persistent lockdown measures

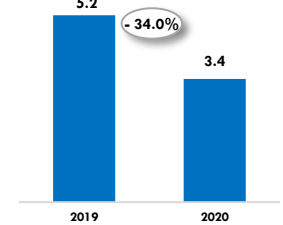
USA

2-Wheelers (k units)



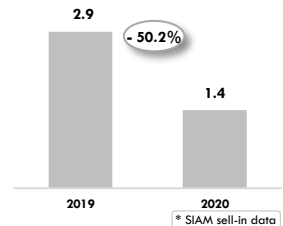
ASEAN 5 ex. VIETNAM

2-Wheelers (m units)



INDIA*

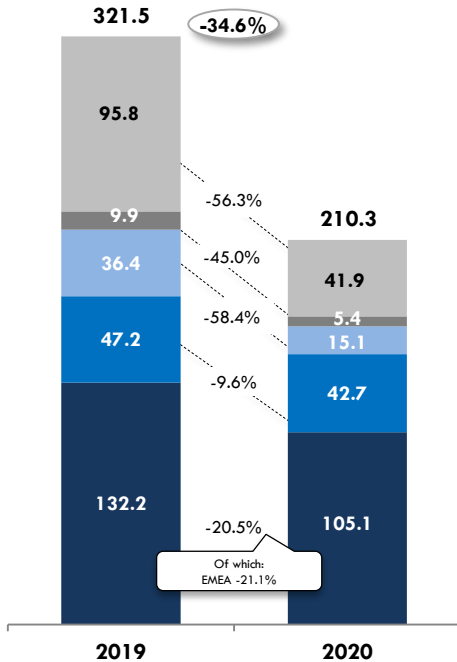
Scooters (m units)



* SIAM sell-in data

Evolution by business

Volume evolution by business (k units)



2 Wheelers: ■ EMEA & Americas ■ Asia Pacific ■ India

Highlights

Performance strongly hit by Covid-19 effects, but strong positive uptake in Western Countries and APAC at the end of the semester shed a positive light on the remaining part of the year

CV India

Volumes and revenues plummeted, dragged down by lingering lockdown measures exacerbated by drop in export markets

CV EMEA & Americas

Lockdown effects partially mitigated by positive product mix effect

2W India

Volumes and revenues plunged as stringent lockdown measures persisted

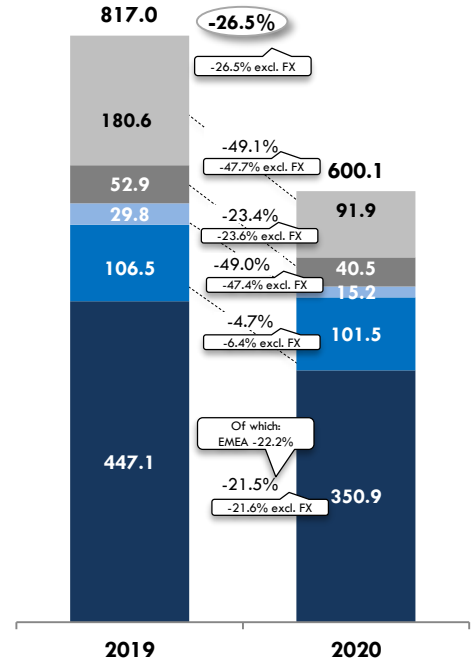
2W Asia Pacific

Resilient performance, against widespread lockdown measures, mainly underpinned by surging and sequentially stronger results of China and South Korea

2W EMEA & Americas

Volumes and revenues dragged down by lockdowns, although the trend reversed strongly since mid-May, boding extremely well for the remaining part of the year. Germany was the outright best country ending with volumes and revenues already above prior year

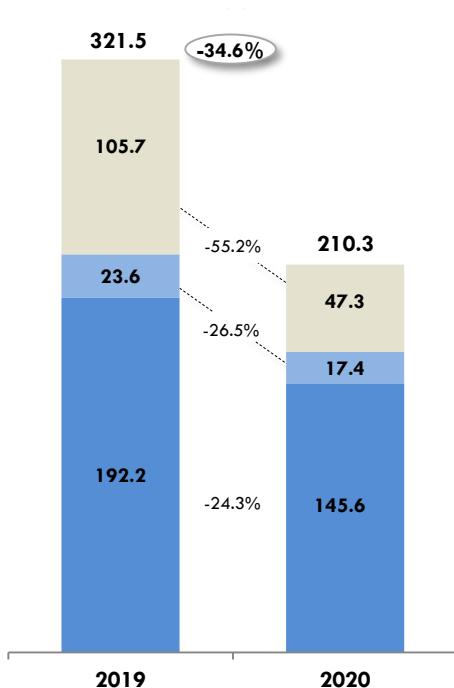
Net Sales evolution by business (€m)



Commercial Vehicles: ■ EMEA & Americas ■ India

Evolution by product

Volume evolution by product (k units)



Highlights

All segments hit by Covid-19 effects. Prices held up well despite the adverse economic scenario

Commercial Vehicles

Volumes and revenues dragged down by widespread lockdown measures

Bikes

All brands hit by markets lockdown and production outages. Moto Guzzi V85TT stood out again limiting the degrowth in the second quarter

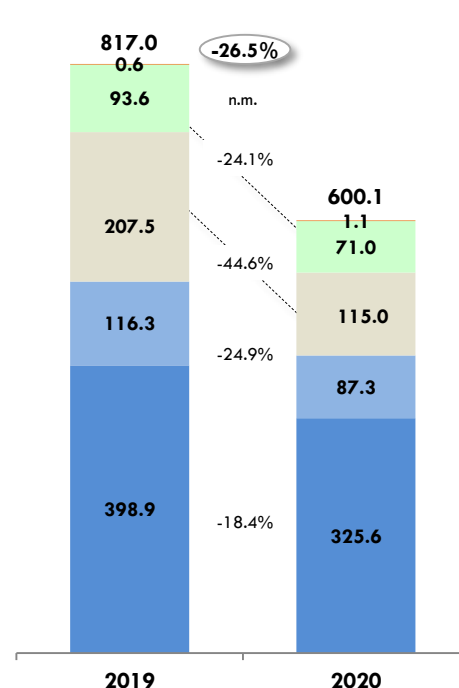
Scooters

Revenue decline mitigated by positive price effect.

Notably:

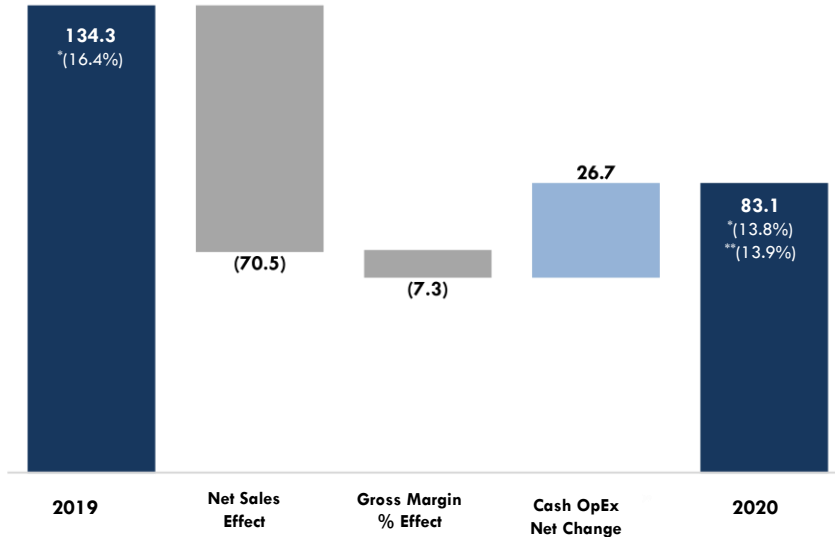
- Vespa upward trajectory in China accelerated across the semester leading volumes and revenues ~70% above prior year
- Medley kept on posting double-digits revenue growth across the semester, testifying the success of the new version launched at the end of 2019

Net Sales evolution by product (€m)



EBITDA Evolution

EBITDA evolution (€m)



* % On Net Sales ** Excluding FX Effect

Highlights

EBITDA strongly hit by significant top line decline due to **widespread lockdown measures...**

... but strong cost containment actions announced in Q1 started yielding results, more than offsetting gross margin dilutive effect and partially mitigating top line decline

Tight grip on SG&A will continue in the remaining part of the year, without affecting key projects

To sum up

P&L (€m)

	2019	2020	Change 2020 vs. 2019		
			Absolute	%	% excl. FX*
Net Sales	817.0	600.1	-216.9	-26.5%	~ -26.5%
Gross Margin	250.0	171.7	-78.3	-31.3%	~ -31.1%
% on Net Sales	30.6%	28.6%	-2.0%		
EBITDA	134.3	83.1	-51.2	-38.1%	~ -37.6%
% on Net Sales	16.4%	13.8%	-2.6%		
Depreciation	(59.2)	(58.4)	0.8	-1.4%	
EBIT	75.1	24.7	-50.4	-67.1%	
% on Net Sales	9.2%	4.1%	-5.1%		
Financial Expenses	(12.2)	(9.6)	2.7	-21.8%	
Income before tax	62.8	15.1	-47.7	-75.9%	
Tax	(28.3)	(6.0)	22.2	-78.6%	
Net Income	34.6	9.1	-25.5	-73.7%	
% on Net Sales	4.2%	1.5%	-2.7%		

Highlights

Financial expenses positive effect, boosted by effective currency management, whilst cost of funding had been further trimmed

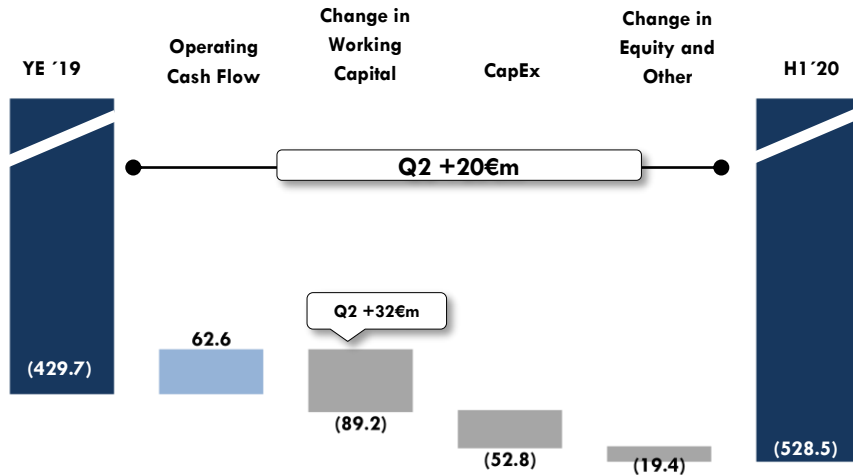
Tax rate @ 40%, down ~ 5 p.p. vs. prior year, mainly benefitting from Indian corporate income tax reduction

Net Result dragged down by lower operating result

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

Net Financial Position Evolution

2020 Net Financial Position evolution (€m)



2019 Net Financial Position evolution (€m)



Highlights

Cash flow posted positive dynamic across the semester, with 20€m uptick in Q2 mainly stemming from:

- Strong improvement in Working Capital with:
 - Inventories trending down (-48€m in Q2) consistently with the effective strategy adopted in Q1
 - Receivables lowering benefiting from the boost of 2 wheelers sales in Western Countries in the latter part of the semester

... laying the foundation for stronger positive generation in the following quarters

CapEx broadly in line with prior year, as focus on new projects to nurture future growth remained immune from covid-19 effects

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