



# Piaggio Group

First Nine Months of 2020 Financial Results

Conference Call | October 30<sup>th</sup> 2020

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# Highlights

## Back to growth in Q3, with significant improvement of all key operating metrics and all-time high cash generation

### NET SALES\* €m, Y/Y change %



Trend reverted to positive in Q3

### Net Profit\* €m

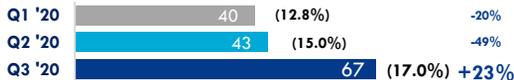


Strong sequential acceleration leading to the best Q3 result to date

### Q3 FREE CASH FLOW\*

**+81€m**  
Highest third quarter cash generation to date

### EBITDA\* €m, Y/Y change %, (Margin %)



Best Q3 absolute result to date  
Best Q3 % result of last 11 years

### NET DEBT €m

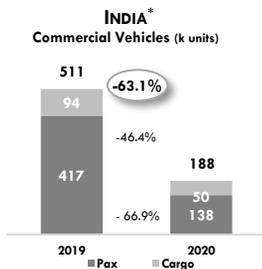
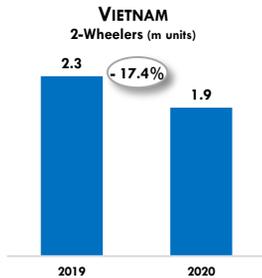
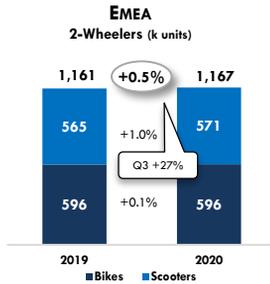


Deleveraging at full throttle

\* 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 year. Liquidity profile calculated as liquidity plus committed undrawn credit lines

# Key markets demand

## Highlights



### EMEA & Americas

As expected, 2 Wheeler demand bounced back strongly as lockdown measures eased:

- ▶ European 2 Wheeler already back at 2019 level at the end of September, boosted by demand surging around 27% in Q3 on the back of strong acceleration across product and displacement segments; notably in Germany and The Netherlands demand ended up double-digits at end of September. Piaggio gained market share, strengthening its leadership position
- ▶ USA confirmed the upward trend started in Q2 ending up by 10% vs. prior year at the end of September

### Asia Pacific

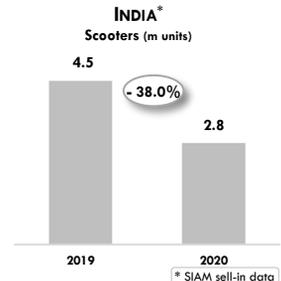
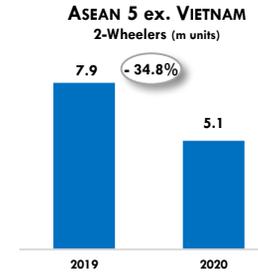
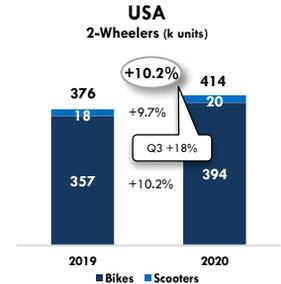
Asia Pacific kept on posting diverging trends:

- ▶ Asean 5 demand continued its slowdown, albeit at a minor pace in Q3; Vietnam and Thailand kept being the most resilient, whereas Indonesia and The Philippines had been hit the most with demand plummeting ~30% and ~40% respectively
- ▶ In stark contrast, other key reference countries posted sequentially stronger demand; notably, in China scooters ended up high single digit and in Taiwan the positive trend accelerated in Q3 leading to 20% growth YTD

### India

Demand dipped across segments hit by persistent and stringent lockdown measures, but encouraging signs of inflection of the cycle materialized in Q3 both for Scooters and Cargo Light Commercial Vehicles.

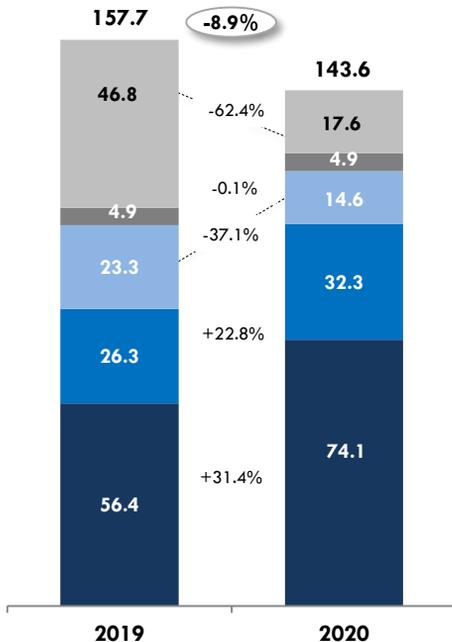
Piaggio LCV market share on the rise, notably in the Cargo segment



\* SIAM sell-in data

# Volumes: evolution by business

Q3\* - Volume evolution by business (k units)



## Highlights

Q3 Asia Pacific and EMEA & Americas outstanding performance, outstripping demand trends, partially mitigated Indian hefty demand downtrend; YTD results still hit by widespread lockdown measures

### CV India

Volumes dragged down by Pax segment affected by lingering lockdown measure in urban areas, while Cargo halted the slide in Q3 suggesting that the segment is on the verge of a recovery cycle

### CV EMEA & Americas

Healthy performance in Q3 driven by rebound in 4 Wheelers, against marked weakness

### 2W India

Still declining, albeit at a minor pace as the year progressed, on the back of encouraging signals of demand rebound

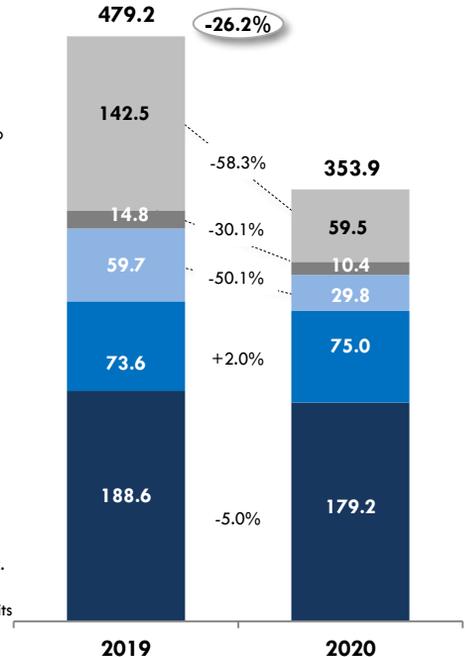
### 2W Asia Pacific

Despite market demand downtrend, Q3 outstanding results, largely driven by outperformance in China, Indonesia and South Korea, drove volumes above prior year at the end of September

### 2W EMEA & Americas

Recovery started at the end of Q2 accelerated in Q3, despite continued drawdown of European dealers' stock. All main markets on the rise in Q3, with Germany, The Netherlands and USA standing out reaching double-digits growth at the end of September

9M - Volume evolution by business (k units)



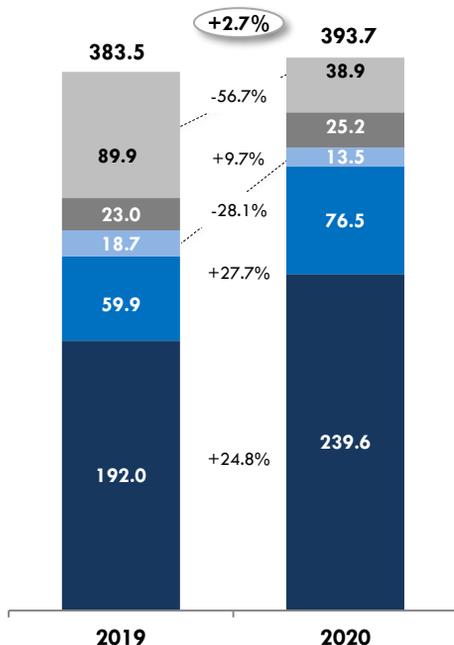
2 Wheelers: ■ EMEA & Americas ■ Asia Pacific ■ India

Commercial Vehicles: ■ EMEA & Americas ■ India

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# Net Sales: evolution by business

Q3\* - Net Sales evolution by business (€m)



Highlights

Net Sales trend reverted to positive in Q3 on the back of outstanding performance in Western countries and in Asia Pacific coupled with overall positive mix/price effect

#### CV India

Drop mitigated by steep price increase largely due to the introduction of BS VI vehicles

#### CV EMEA & Americas

Q3 performance boosted by strong segment mix effect

#### 2W India

Decline partially offset by price hikes

#### 2W Asia Pacific

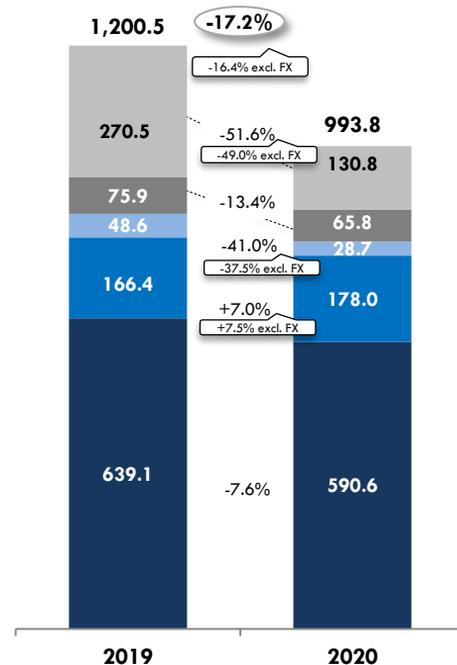
Outstanding volume performance further strengthened by sound pricing power.

China was the outright best country, with the highest contribution to Q3 & YTD regional growth

#### 2W EMEA & Americas

Q3 highest revenues in 11 year, despite slightly dilutive segment mix effect

9M - Net Sales evolution by business (€m)



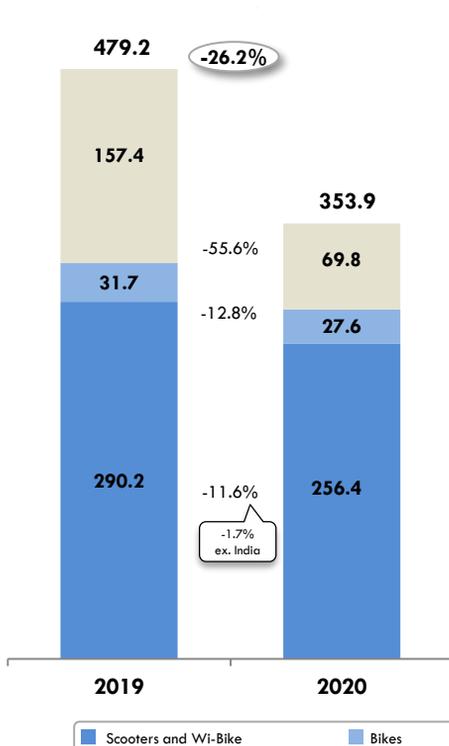
2 Wheelers: ■ EMEA & Americas ■ Asia Pacific ■ India

Commercial Vehicles: ■ EMEA & Americas ■ India

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# Evolution by product

9M - Volume evolution by product (k units)



## Highlights

2 Wheelers performance shifted to positive in Q3 behind rebound in EMEA & Americas and Asia Pac, largely offsetting Indian drop. YTD results still affected by Covid-19 effects. Overall prices held up well despite the bleak economic picture

### Commercial Vehicles

Results dragged down by Indian trend overshadowing European resilient performance

### Bikes

Strong rebound in Q3, despite challenging comparison base, led by Guzzi V7 and Aprilia RSV4 1000 growing around 30% and 40% respectively

### Scooters

Q3 outstanding performance across the board, apart from India, led revenues close to PY level at the end of September. Overall healthy price/mix uplift confirmed the strength and the broad appeal of our brands. Notably:

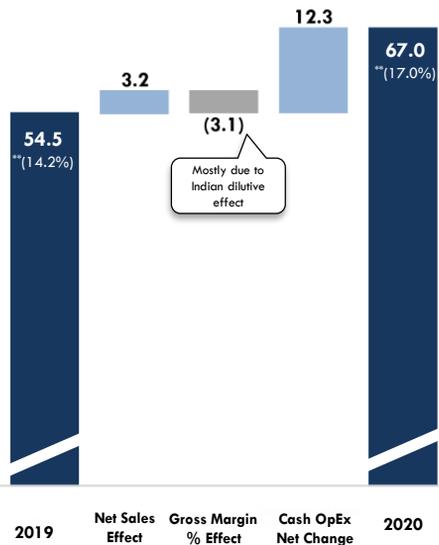
- ▶ Vespa revenues already above prior year at the end of September, against Indian weakness
- ▶ Vespa upward trajectory in China accelerated in Q3, with volumes & revenues 2x above prior year
- ▶ Medley kept on gaining traction surging 2x vs. prior year in Q3, thus confirming the success of the new version launched at the end of 2019

9M - Net Sales evolution by product (€m)



# EBITDA Evolution

## Q3\* - EBITDA evolution (€m)



## Highlights

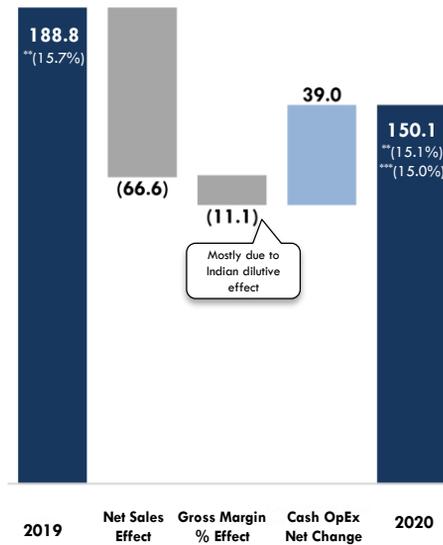
**Q3 top line growth**, more than offsetting slight dilutions on margin, coupled with ongoing OpEx efficiencies **drove outstanding EBITDA uplift to 67.0 €m, with margin on sales @17.0% (+2.8 p.p.), the best absolute result to date and the best % on sales performance in 11 years**

**Q3 Gross Margin already above prior year**, notwithstanding Indian dilutive effect, resulting from the combination of firm price discipline and effective management of the cost base

**YTD EBITDA** still dragged down by significant top line decline in H1 due to widespread lockdown measures, partially offset by heightened efficiencies on Operating Expenses

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

## 9M - EBITDA evolution (€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 year. \*\* % On Net Sales \*\*\* Excluding FX Effect

# To sum up

## P&L (€m)

	Q3* 2020	% chg. Vs. Q3 19	2019	2020	Change 2020 vs. 2019		
					Absolute	%	% excl. FX**
<b>Net Sales</b>	<b>393.7</b>	<b>+2.7%</b>	<b>1,200.5</b>	<b>993.8</b>	<b>-206.6</b>	<b>-17.2%</b>	<b>~ -16.4%</b>
<b>Gross Margin</b>	<b>114.3</b>	<b>+0.5%</b>	<b>363.7</b>	<b>286.0</b>	<b>-77.7</b>	<b>-21.4%</b>	<b>~ -20.9%</b>
% on Net Sales	29.0%	-0.6%	30.3%	28.8%	-1.5%		
<b>EBITDA</b>	<b>67.0</b>	<b>+22.8%</b>	<b>188.8</b>	<b>150.1</b>	<b>-38.8</b>	<b>-20.5%</b>	<b>~ -20.1%</b>
% on Net Sales	17.0%	+2.8%	15.7%	15.1%	-0.6%		
Depreciation	(28.0)	-6.8%	(89.3)	(86.4)	2.8	-3.2%	
<b>EBIT</b>	<b>39.0</b>	<b>+59.1%</b>	<b>99.6</b>	<b>63.6</b>	<b>-35.9</b>	<b>-36.1%</b>	
% on Net Sales	9.9%	+3.5%	8.3%	6.4%	-1.9%		
Financial Exp.	(5.5)	-5.0%	(18.1)	(15.1)	3.0	-16.4%	
<b>EBT</b>	<b>33.4</b>	<b>+79.2%</b>	<b>81.5</b>	<b>48.5</b>	<b>-32.9</b>	<b>-40.4%</b>	
Tax	(13.4)	+86.5%	(35.4)	(19.4)	16.0	-45.2%	
<b>Net Income</b>	<b>20.0</b>	<b>+74.7%</b>	<b>46.0</b>	<b>29.1</b>	<b>-16.9</b>	<b>-36.7%</b>	
% on Net Sales	5.1%	+2.1%	3.8%	2.9%	-0.9%		

## Highlights

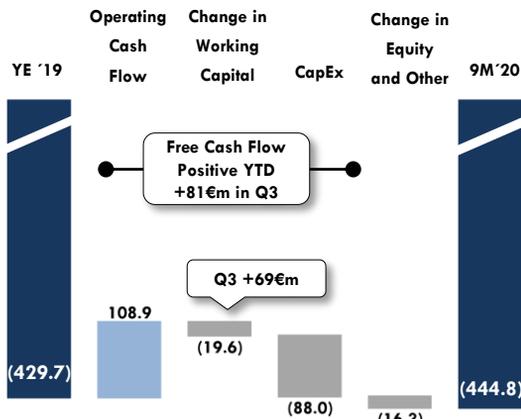
**Financial expenses positive effect, boosted by effective currency management**, whilst cost of funding had been further trimmed

**Tax rate @ 40%, down ~ 3.5 p.p. vs. September 2019**, mainly benefitting from Indian corporate income tax reduction

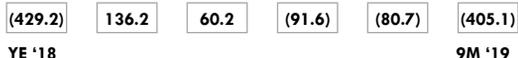
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# Net Financial Position - Liquidity

## 2020 Net Financial Position evolution (€m)



## 2019 Net Financial Position evolution (€m)



\* Calculated as liquidity plus committed undrawn credit lines

## Highlights

**Free Cash Flow positive dynamic sequentially stronger across the period, with a remarkable step up of 81€m in Q3, pushed down Net Debt close to YE 2019 level**

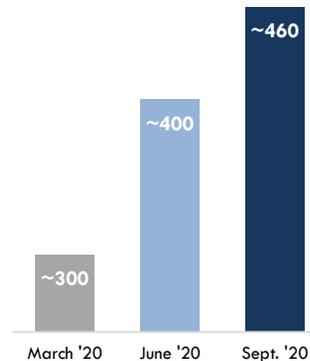
Outstanding improvement in Working Capital in Q3 largely driven by:

- ▶ **Inventories** trending down reaching an **all-time low**, also reaping the benefit of the effective strategy adopted in Q1
- ▶ **Receivables lowering** mostly benefitting from recent boost of 2 wheelers sales in Western Countries

**CapEx broadly in line with prior year YTD**, after step up in Q3 testifying the Group's unchanged focus on new projects to nurture future growth

**Liquidity profile strengthened** across the year with **Gross Cash reaching ~460€m** at the end of September, providing **comfortable headroom to cover next year maturities**

## Gross Cash\* (€m)



## **Investor Relations Office**

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

T: +39 0587 272286

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

## **Raffaele Lupotto**

Executive Vice President

Head of Investor Relations

E: [r.lupotto@piaggio.com](mailto:r.lupotto@piaggio.com)

T: +39 0587 272596

