Interim Report on Operations at 30 September 2017

This report is available on the Internet at:
www.piaggiogroup.com

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Management and Coordination

IMMSI S.p.A.

Share capital €207,613,944.37, fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

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Piaggio Group

Interim Directors' Report

Introduction

To guarantee the continuity and regularity of disclosure to the financial community, the Board of Directors decided in the meeting of 15 December 2016 to continue publishing quarterly information, on a voluntary basis, adopting the following communication policy as from 2017, until otherwise decided:

a) Contents of quarterly reporting:

- general description of operating and market conditions in geographic segments where the Group operates;

- trend of volumes and consolidated turnover, by geographic segment and product type;

- consolidated income statement;

- net consolidated financial debt.

This information is compared to data for the same period of the previous year.

b) Communication methods and procedures:

- a press release that will be distributed at the end of the Board Meeting approving the above accounting data;

- publication of the presentation used for the conference call with financial analysts, held after the distribution of the press release;

- publication of the Interim Report on Operations.

Mission

The mission of the Piaggio Group is to generate value for its shareholders, clients and employees, by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles.

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community.

To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European company with a world class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

Key operating and financial data [1]

	First nine months		
	2017	2016	2016
In millions of euros			
Data on financial position			
Net revenues	1,057.3	1,031.7	1,313.1
Gross industrial margin	327.1	309.9	389.2
Operating income	69.1	60.5	60.9
Profit before tax	44.1	33.6	25.5
Net profit	25.1	19.2	14.0
.Non-controlling interests			
.Group	25.1	19.2	14.0
Data on financial performance			
Net capital employed (NCE)	820.5	862.7	884.7
Net debt	(430.7)	(469.5)	(491.0)
Shareholders' equity	389.8	393.2	393.7
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	30.9%	30.0%	29.6%
Net profit as a percentage of net revenues (%)	2.4%	1.9%	1.1%
ROS (Operating income/net revenues)	6.5%	5.9%	4.6%
ROE (Net profit/shareholders' equity)	6.4%	4.9%	3.6%
ROI (Operating income/NCE)	8.4%	7.0%	6.9%
EBITDA	159.0	141.5	170.7
EBITDA/net revenues (%)	15.0%	13.7%	13.0%
Other information			
Sales volumes (unit/000)	426.7	411.7	532.0
Investments in property, plant and equipment and intangible assets	55.6	65.7	96.7
Research and Development[2]	49.5	50.0	50.1
Employees at the end of the period (number)	6,940	7,197	6,706

[1]For a definition of individual items, see the "Economic Glossary".
[2] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	**TOTAL**
Sales volumes (units/000)	1-1/30-9-2017	202.4	166.7	57.6	**426.7**
	1-1/30-9-2016	193.5	158.6	59.6	**411.7**
	Change	9.0	8.0	(2.0)	**15.0**
	Change %	4.6%	5.1%	-3.3%	**3.7%**
Turnover (million euros)	1-1/30-9-2017	664.7	260.4	132.2	**1,057.3**
	1-1/30-9-2016	640.9	255.1	135.8	**1,031.7**
	Change	23.8	5.3	(3.6)	**25.6**
	Change %	3.7%	2.1%	-2.6%	**2.5%**
Average number of staff (no.)	1-1/30-9-2017	3,739.5	2,075.9	828.0	**6,643.4**
	1-1/30-9-2016	3,845.2	2,301.3	877.3	**7,023.8**
	Change	(105.7)	(225.4)	(49.3)	**(380.4)**
	Change %	-2.7%	-9.8%	-5.6%	**-5.4%**
Investments in property, plant and equipment and intangible assets (million euros)	1-1/30-9-2017	39.7	10.8	5.2	**55.6**
	1-1/30-9-2016	50.5	9.4	5.8	**65.7**
	Change	(10.8)	1.4	(0.6)	**(10.0)**
	Change %	-21.3%	14.4%	-10.7%	**-15.3%**
Research and Development[3] (million euros)	1-1/30-9-2017	37.8	7.3	4.5	**49.5**
	1-1/30-9-2016	41.0	5.6	3.5	**50.0**
	Change	(3.2)	1.7	1.0	**(0.5)**
	Change %	-7.8%	30.8%	29.4%	**-1.0%**

[3] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Company Boards

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno (1), (2)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Giuseppe Tesauro (3), (4), (5), (6)
	Graziano Gianmichele Visentin (4), (5), (6)
	Maria Chiara Carrozza (4)
	Federica Savasi
	Vito Varvaro (5), (6)
	Andrea Formica
Board of Statutory Auditors	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Daniele Girelli
Alternate Auditors	Giovanni Naccarato
	Elena Fornara
Supervisory Body	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
Chief Financial Officer	Simone Montanari
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Director responsible for the internal control system and risk management

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

(6) Member of the Internal Control and Risk Management Committee

All the information on the powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as the functions of the various Committees of the Board of Directors, can be found in the Governance section of the Issuer's website www.piaggiogroup.com.

Significant events in the first nine months of 2017

19 January 2017 – The consolidation of the Piaggio Group multibrand store distribution network, launched just two years ago, continued at a buoyant pace. In just a few months, thanks to the distribution network's involvement in the project, the Group opened 60 new sales outlets and ended 2016 achieving the important goal of 200 Motoplex centres opened worldwide - in Europe, the Americas, Oceania, Asia and on the Indian sub-continent, which will flank the traditional distribution network. One of the world's most important Motoplexes was inaugurated on 15 February 2017 in Bangkok. Through the Bangkok Motoplex, the Piaggio Group has expanded its offering in the Thai market, launching the motorcycle business with the Aprilia and Moto Guzzi brands, alongside the well-established scooter segment with Piaggio and Vespa. The goal is to further consolidate our position in a market with strong growth.

2 February 2017 – The Piaggio Group presented GITA and KILO - the first projects developed by Piaggio Fast Forward (PFF), an advanced US research centre for future mobility, established and controlled by Piaggio - in Boston, just a stone's throw from Harvard and the MIT. Through its centre, the Group is exploring the world of mobility and thinking about its future, expanding its vision to technological solutions that are far wider-ranging than its current core business.
GITA is an autonomous, intelligent vehicle, designed to assist people. It can transport up to 18 kg, and observes and communicates. It can follow a person, reaching 35km/h and can move autonomously in a mapped environment. Its round shape and clean lines are a part of its personality.
KILO is the "big brother" of GITA; thanks to its larger payload, it is able to carry up to 100 kg in weight in its 120-litre load area. It is incredibly stable thanks to the 3-wheel support.
GITA and KILO are revolutionary because they can assist people in their activities when out and about on a daily basis, increasing the radius of action and limited load capacities of human beings. In fact the KILO and GITA have been designed as a platform for mobility, and can be customised and integrated to meet different needs in multiple scenarios.

1 March 2017 – Effective from 1 March 2017, Simone Montanari replaced Gabriele Galli as CFO who left the Group after a cycle lasting more than a decade during which he contributed to the achievement of major goals with his experience and expertise.

30 March 2017 – The Piaggio Group announced that in recent months it had launched the production of 2-, 3- and 4-wheeler vehicles that comply with India's new Bharat Stage IV emission standards, which came into effect on 1 April 2017. Specifically, the Aprilia SR 150 scooter launched on the Indian market in August 2016 already complied with this stringent regulation on emissions from the start of its production, while the Vespa models and 3- and 4-wheeler commercial vehicles manufactured at the Baramati plant (State of Maharashtra) have been manufactured in compliance with the Bharat Stage IV standards since last February. The Piaggio Group has always focussed special attention to the engineering of its products to reduce emissions to a minimum. This attentive policy has allowed it to comply with the new regulation ahead of schedule without any risk of negative impacts on production or sales.

6 April 2017 - The Court of Turin handed down a historical ruling that declared the full validity of the 3D brand of the Vespa scooter and acknowledged the creative nature and artistic value of its shape. The ruling came at the end of a case started in 2013, when, on the occasion of the inauguration of EICMA, the two-wheeler show in Milan, the Mobile Unit of the Rho Company of the Italian Finance Police seized 11 scooters on display belonging to 7 different exhibitors because their shape was an imitation of a Vespa. The Italian Finance Police seized the vehicles after determining that the products violated the exclusive right of the Piaggio Group to the so-called "three-dimensional brand" registered by Piaggio to protect the distinctive shape of a Vespa. It is a title constituting an essential means of protection for the unique lines that characterise Vespa and is the most comprehensive instrument to protect the iconic shape of this global product. One of the companies involved in the seizure, the Chinese manufacturer Taizhou Zhongneng, filed a countersuit against Piaggio at the Court of Turin to declare null the brand constituted by the 3D form of the scooter and to rule out that the "Ves" scooter seized at EICMA was a counterfeit of the said brand. However, the Court of Turin rejected petitions and threw out the suit.

12 April 2017 - The Extraordinary Shareholders' Meeting of Piaggio & C. S.p.A. resolved to cancel 3,054,736 treasury shares. The share capital of the company (fully subscribed and paid up) is unchanged at €207,613,944.37 and is now divided into 358,153,644 shares. The change was filed for entry at the competent Register of Companies on 18 April 2017 and registered on 19 April 2017.

29 May 2017 - Piaggio Fast Forward (PFF), the advanced US research centre for future mobility established and controlled by the Piaggio Group, won the *Disruptive Genius – Company* category of the 2017 MITX Awards, for distinction in "unconventional innovative thinking, being the first to explore new frontiers and promoting the innovation economy through its operations".
Now in its 21st edition, the MITX Awards are an important annual competition for the technology and innovation sector held in the States.

12 June 2017 - The new Piaggio Porter 700 was unveiled in India - a modern, versatile, revolutionary vehicle for India, developed based on continual engagement between the Company and customers. The Piaggio Porter 700 is ideal for last-mile deliveries, but also perfect for intercity transport.

13 June 2017 - Aprilia was hailed as the most innovative company in Italy in the Motorcycle/Scooter segment, by the German Quality and Finance Institute, which hands out "TOP INNOVATIVE COMPANY" quality seals each year**.**

28 June 2017 – A long-term bond of a total value of 30 million euro was issued, subscribed by Fondo Sviluppo Export, the fund set up by SACE (CDP Group) and managed by Amundi SGR. The purpose of the five-year bond is to consolidate the Piaggio Group's internationalisation and support expansion on new markets, as part of ongoing actions to optimise the Group's financial debt structure and extend maturity times. The issue, for institutional investors, was subscribed by Fondo Sviluppo Export, with UniCredit acting as placement agent, using resources provided by SACE for Italian export companies, and is wholly guaranteed by SACE.

4 September 2017 – Piaggio Fast Forward (PFF), a Piaggio Group company and cutting-edge research centre on mobility for the future, was named as one of the world's 100 most innovative companies by Disruptor Daily, a prestigious international publication, thanks to the "strong technological drive of GITA ... the high-performance robot that can safely transport loads". Disruptor Daily is the most authoritative international publication on innovation, and a reference for companies engaged in reshaping the future in their industry.

19 September 2017 – The Chairman and CEO of Piaggio & C. S.p.A. (PIA), Roberto Colaninno, and the CEO of Foton Motor Group, Wang Jinyu, signed an important preliminary agreement in Beijing for the strategic development of a new range of light commercial four-wheelers. In the coming months, a team of representatives from both parties will work on validating a production and business plan, and on defining contract documents, and if successful, will finalise technical project documents and relative contracts before the end of Spring 2018. The agreement, in keeping with the strategy to consolidate and modernise the Piaggio Commercial Vehicles Division and the Group's strategic guidelines, will develop a new range of commercial vehicles to drive considerable expansion on the Group's reference market, while achieving major cost savings. A number of vehicle versions will be developed, including mini cab and mini van models, for passenger and goods transport, to meet the growing demand for commercial mobility solutions that are particularly suited to intracity routes, featuring eco-friendly, latest-generation engines and the latest technologies. All vehicle types will have a capacity up to 1.5 tons. The new product range will be manufactured at the Piaggio Group's Italian sites, with lines used for current production. The models will be launched on the market starting from 2019, through a customer-centric distribution network.

23 September 2017 – Aprilia RSV4, ridden by the Aprilia Grebenstein team, won the European FIM Endurance Open Championships. Riding an RSV4 RF, the German team with Ralph Uhlig, Oliver Skach, and Andreas and Jurgen Scheffel, secured a decisive victory in the Oschersleben 6 hours, the third and last race of the championships.

Financial position and performance of the Group

Consolidated income statement (reclassified)

	First nine months of 2017		First nine months of 2016		Change	
	In millions of euros	*Accounting for a %*	*In millions of euros*	*Accounting for a %*	*In millions of euros*	*%*
Net revenues	1,057.3	100.0%	1,031.7	100.0%	25.6	2.5%
Cost to sell[4]	730.1	69.1%	721.8	70.0%	8.4	1.2%
Gross industrial margin[4]	**327.1**	**30.9%**	**309.9**	**30.0%**	**17.2**	**5.6%**
Operating expenses	258.0	24.4%	249.5	24.2%	8.6	3.4%
EBITDA[4]	**159.0**	**15.0%**	**141.5**	**13.7%**	**17.5**	**12.4%**
Amortisation/Depreciation	89.9	8.5%	81.0	7.9%	8.9	11.0%
Operating income	**69.1**	**6.5%**	**60.5**	**5.9%**	**8.6**	**14.3%**
Result of financial items	(25.0)	-2.4%	(26.9)	-2.6%	1.9	-6.9%
Profit before tax	**44.1**	**4.2%**	**33.6**	**3.3%**	**10.5**	**31.2%**
Taxes	19.0	1.8%	14.5	1.4%	4.5	31.2%
Net profit	**25.1**	**2.4%**	**19.2**	**1.9%**	**6.0**	**31.2%**

Net revenues

	First nine months of 2017	First nine months of 2016	Change
In millions of euros			
EMEA and Americas	664.7	640.9	23.8
India	260.4	255.1	5.3
Asia Pacific 2W	132.2	135.8	(3.6)
Total	**1,057.3**	**1,031.7**	**25.6**
Two-wheeler	771.8	730.0	41.7
Commercial Vehicles	285.5	301.7	(16.2)
Total	**1,057.3**	**1,031.7**	**25.6**

In terms of consolidated turnover, the Group closed the first nine months of 2017 with net revenues up compared to the same period of 2016 (+2.5%). Based on geographic segments, revenues increased in EMEA and the Americas (+3.7%) and in India (+2.1%; -0.9% at constant exchange rates) which more than offset the downturn in Asia Pacific (-2.6%; -1.7% at constant exchange rates).

As for product type, the increase in turnover from two-wheeler vehicles (+5.7%) considerably made up for the fall in revenues recorded for Commercial Vehicles (-5.4%). As a result, the percentage of two-wheeler vehicles accounting for overall turnover rose from 70.8% in the first nine months of 2016 to the current figure of 73.0%; conversely, the percentage of Commercial Vehicles accounting for overall turnover fell from 29.2% in the first nine months of 2016 to the current figure of 27.0%.

[4] For a definition of the parameter, see the "Economic Glossary".

The **gross industrial margin** of the Group increased in absolute terms compared to the first nine months of the previous year (€+17.2 million) in relation to a net turnover equal to 30.9% (30.0% in the first nine months of 2016).
Amortisation/depreciation included in the gross industrial margin was equal to €26.3 million (€26.9 million in the first nine months of 2016).

Operating expenses in the first nine months of 2017 increased compared to the same period of the previous year, amounting to €258.0 million.
Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to €63.6 million (€54.1 million in the first nine months of 2016).

The change in the aforementioned income statement resulted in an increased consolidated **EBITDA** of €159.0 million (€141.5 million in the first nine months of 2016). In relation to turnover, EBITDA was equal to 15.0% (13.7% in the first nine months of 2016). Operating income (**EBIT**) improved, amounting to €69.1 million (€60.5 million in the first nine months of 2016); in relation to turnover, EBIT was equal to 6.5% (5.9% in the first nine months of 2016).

The results for **financing activities** improved compared to the first nine months of the previous year, by €1.9 million, with net charges amounting to €25.0 million (€26.9 million in the first nine months of 2016). This improvement is related to the positive trend of currency operations, the decrease in average debt for the period and reduction in the cost of funding, partially offset by the lower capitalisation of borrowing costs.

Income taxes for the period are estimated at €19.0 million, equivalent to 43% of profit before tax.

Net profit stood at €25.1 million (2.4% of turnover), up on the figure for the same period of the previous year (€19.2 million, or 1.9% of turnover).

Operating data

Vehicles sold

	First nine months of 2017	First nine months of 2016	Change
In thousands of units			
EMEA and Americas	202.4	193.5	9.0
India	166.7	158.6	8.0
Asia Pacific 2W	57.6	59.6	(2.0)
Total	**426.7**	**411.7**	**15.0**
Two-wheeler	299.4	266.4	33.0
Commercial Vehicles	127.3	145.3	(17.9)
Total	**426.7**	**411.7**	**15.0**

In the first nine months of 2017, the Piaggio Group sold 426,700 vehicles worldwide, registering an increase of approximately 3.7% in volumes compared to the first nine months of the previous year, when 411,700 vehicles were sold. Sales were up in India (+5.1%) and in EMEA and the Americas (+4.6%), driven above all by volumes in Europe (+5.5%), while sales of vehicles in Asia Pacific 2W declined (-3.3%). As regards product type, the increase in sales of two-wheeler vehicles (+12.4%) more than offset the downturn in commercial vehicles (-12.3%).

For a more detailed analysis of market trends and results, see relative sections.

Staff

In 2017, the Group continued to rationalise operations and organisational efficiency.

Below is a breakdown of the headcount by actual number and average number:

Breakdown of company employees by region

Employee/staff numbers	As of 30 September 2017	As of 31 December 2016	As of 30 September 2016
EMEA and Americas	3,733	3,752	3,817
of which Italy	*3,492*	*3,518*	*3,585*
India	2,379	2,113	2,506
Asia Pacific 2W	828	841	874
Total	**6,940**	**6,706**	**7,197**

Average number of company employees by geographical area

Employee/staff numbers	**First nine months of 2017**	**First nine months of 2016**	**Change**
EMEA and Americas	3,739.5	3,845.2	(105.7)
of which Italy	*3,503.8*	*3,613.1*	*(109.3)*
India	2,075.9	2,301.3	(225.4)
Asia Pacific 2W	828.0	877.3	(49.3)
Total	**6,643.4**	**7,023.8**	**(380.4)**

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).
In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

Research and Development

In the first nine months of 2017, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of €49.5 million to research and development, of which €35.2 million capitalised under intangible assets as development costs.

	First nine months of 2017			**First nine months of 2016**		
	Capitalised	Expenses	**Total**	Capitalised	Expenses	**Total**
In millions of euros						
Two-wheeler	29.8	10.9	**40.6**	31.4	12.5	**43.9**
Commercial Vehicles	5.5	3.4	**8.9**	4.1	2.0	**6.1**
Total	**35.2**	**14.3**	**49.5**	**35.5**	**14.5**	**50.0**
EMEA and Americas	26.9	10.8	**37.8**	27.7	13.3	**41.0**
India	4.8	2.5	**7.3**	5.0	0.5	**5.6**
Asia Pacific 2W	3.5	1.0	**4.5**	2.8	0.7	**3.5**
Total	**35.2**	**14.3**	**49.5**	**35.5**	**14.5**	**50.0**

Consolidated statement of financial position[5]

	As of 30 September 2017	As of 31 December 2016	Change
In millions of euros			
Statement of financial position			
Net working capital	(56.2)	(36.3)	(19.9)
Property, plant and equipment	286.3	312.8	(26.5)
Intangible assets	648.8	668.7	(19.8)
Financial assets	7.7	7.9	(0.1)
Provisions	(66.2)	(68.4)	2.2
Net capital employed	**820.5**	**884.7**	**(64.2)**
Net Financial Debt	430.7	491.0	(60.2)
Shareholders' equity	389.8	393.7	(3.9)
Sources of financing	**820.5**	**884.7**	**(64.2)**
Non-controlling interests	(0.3)	(0.3)	0.0

As of 30 September 2017, **net working capital** amounted to negative €56.2 million, with a cash generation equal to approximately €19.9 million in the first nine months of 2017.

Property, plant and equipment, which include investment property, totalled €286.3 million as of 30 September 2017, down by approximately €26.5 million compared to 31 December 2016. This decrease is mainly due to depreciation, which exceeded investments for the period by approximately €17.0 million, and to the effect of the devaluation of Asian currencies against the euro (approximately €9.4 million). The adjustment of the value of investment property to fair value and divestments for the period refer to the remaining decrease of €0.1 million.

Intangible assets totalled €648.8 million, down by approximately €19.8 million compared to 31 December 2016. This decrease is due to amortisation, which exceeded investments for the period by approximately €16.5 million, and to the effect of the devaluation of Asian currencies against the euro (approximately €2.1 million), as well as disposals and write-downs for the period, accounting for the remaining decrease of €1.2 million.

Financial assets totalled €7.7 million, practically in line with figures for the previous financial year.

Provisions totalled €66.2 million, decreasing compared to 31 December 2016 (€68.4 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 September 2017 was equal to €430.7 million, compared to €491.0 million as of 31 December 2016. The decrease of approximately €60.2 million is mainly attributable to the positive performance of operations and greater efficiency of working capital management, generating cash flows

[5] For a definition of individual items, see the "Economic Glossary".

allowing for the payment of dividends (€19.7 million) as well as the financing of the investments programme.

Group **shareholders' equity** as of 30 September 2017 totalled €389.8 million, down by approximately €3.9 million compared to 31 December 2016.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows, prepared in accordance with international financial reporting standards (IFRS), is presented in the "Consolidated Financial Statements and Notes as of 30 September 2017"; the following is a comment relating to the summary statement shown.

	First nine months of 2017	First nine months of 2016	Change
In millions of euros			
Change in consolidated net debt			
Opening Consolidated Net Debt	**(491.0)**	**(498.1)**	**7.2**
Cash flow from operating activities	112.8	104.4	8.5
(Increase)/Reduction in Working Capital	19.9	16.6	3.2
(Increase)/Reduction in net investments	(43.4)	(62.1)	18.7
Change in shareholders' equity	(29.1)	(30.3)	1.2
Total change	**60.2**	**28.6**	**31.6**
Closing Consolidated Net Debt	**(430.7)**	**(469.5)**	**38.8**

In the first nine months of 2017 the Piaggio Group generated **financial resources** amounting to €60.2 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €112.8 million.

Working capital generated a cash flow of approximately €19.9 million; in detail:

- the collection of trade receivables[6] used financial flows for a total of €27.8 million;
- stock management absorbed financial flows for a total of approximately €29.3 million;
- supplier payment trends generated financial flows of approximately €59.8 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €17.2 million.

Investing activities involved a total of €43.4 million of financial resources. Investments for the period refer to approximately €35.2 million for capitalised development expenditure, and approximately €20.4 million for property, plant and equipment and intangible assets.

As a result of the above financial dynamics, which generated a use of €60.2 million, the **net debt** of the Piaggio Group amounted to €– 430.7 million.

[6] Net of customer advances.

Alternative non-GAAP performance measures

In accordance with Consob Communication DEM/6064293 of 28 July 2006 as amended (Consob Communication no. 0092543 of 3 December 2015 that enacts ESMA/2015/1415 guidelines on alternative performance measures), Piaggio, in its Report on Operations, refers to some alternative performance measures, in addition to IFRS financial measures (Non-GAAP Measures).

These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.

In particular the following alternative performance measures have been used:

- **EBITDA**: defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the consolidated income statement;
- **Gross industrial margin**: defined as the difference between net revenues and the cost to sell;
- **Cost to sell**: this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
- **Consolidated net debt:** gross financial debt, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and the fair value adjustment of related hedged items. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.

Results by type of product

The Piaggio Group is comprised of and operates by geographical segments - EMEA and the Americas, India and Asia Pacific - to develop, manufacture and distribute two-wheeler and commercial vehicles.
Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of final results from each operating segment, reference is made to the Notes to the Consolidated Financial Statements.
The volumes and turnover in the three geographical segments, also by product type, are analysed below.

Two-wheeler

Two-wheeler	**First nine months of 2017**		**First nine months of 2016**		**Change %**		**Change**	
	Volumes Sell-in[7] (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	191.3	598.8	182.2	573.7	5.0%	4.4%	9.1	25.0
of which EMEA	180.9	545.4	172.6	524.8	4.8%	3.9%	8.3	20.6
(of which Italy)	*40.8*	*135.8*	*39.5*	*126.5*	*3.3%*	*7.3%*	*1.3*	*9.3*
of which America	10.4	53.4	9.6	48.9	8.6%	9.1%	0.8	4.4
India	50.4	40.8	24.6	20.5	105.0%	98.8%	25.8	20.3
Asia Pacific 2W	57.6	132.2	59.6	135.8	-3.3%	-2.6%	(2.0)	(3.6)
Total	**299.4**	**771.8**	**266.4**	**730.0**	**12.4%**	**5.7%**	**33.0**	**41.7**
Scooters	270.9	532.4	241.3	501.0	12.3%	6.3%	29.7	31.4
Motorcycles	28.5	136.3	25.2	129.2	13.2%	5.5%	3.3	7.2
Spare parts and Accessories		101.3		97.4		4.0%		3.9
Other		1.8		2.4		-26.8%		(0.6)
Total	**299.4**	**771.8**	**266.4**	**730.0**	**12.4%**	**5.7%**	**33.0**	**41.7**

[7] "Sell-in" means Group sales to its distribution network.

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).
In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.
In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for expanding operations, two-wheeler vehicles are the primary mode of transport.

Background

Europe, the reference area for activities of the Piaggio Group, recorded a slight downturn in the first nine months of 2017, with a 0.8% drop in sales on the two-wheeler market compared to the first nine months of 2016 (stable for the motorcycle segment and -1.4% for scooters). The 50cc scooter recorded a positive performance (+8.1%), while the over 50 segment reversed its growth trend (-7.5%). The over 50cc motorcycle segment recorded a slight fall (-0.8%), while the 50cc motorcycle segment picked up considerably (+14.4%).

The North American market, registering a considerable fall compared to the first nine months of 2016 (- 4.9%) sold 385,600 vehicles (-4.8% in the motorcycle segment and –7.5% in the scooter segment).

India, the most important two-wheeler market, continued its growth trend in the first nine months of 2017, closing with sales of over 14.6 million vehicles, a 6.3% increase compared to the first nine months of 2016.

Vietnam, the main market in the Asian area for the Group, increased sales by 7.2% compared to the first nine months of 2016.

Main results

During the first nine months of 2017, the Piaggio Group sold a total of 299,400 units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately €771.8 million (+ 5.7%), including spare parts and accessories (€101.3 million).
All geographic segments, apart from Asia Pacific, increased both turnover and volumes. India performed particularly well, with sales that more than doubled, thanks also to the introduction of the new Aprilia SR 150 scooter in the second half of 2016.

Market positioning[8]

On the European market, the Piaggio Group achieved a total share of 15.2% in the first nine months of 2017 (15.5% in the first nine months of 2016), consolidating its leadership position on the total two-wheeler vehicles market. In Italy, the Piaggio Group recorded a 20.0% share of the two-wheeler market (21.9% in the first nine months of 2016), maintaining its leadership of the scooter market, with a 30.1% share (32.3% in the first nine months of 2016).

In Vietnam, Group scooters decreased sell-out volumes[9] by 27% in the first nine months of 2017, compared to the same period of the previous year.

The Group retained its strong position on the North American scooter market, where it closed the period with a market share of 20.0% (19.8% in the first nine months of 2016), and where it is committed to consolidating its profile in the motorcycle segment, through the Aprilia and Moto Guzzi brands.

Investments

Investments mainly targeted the following areas:

- developing new products and face lifts for existing products;
- improving and modernising current production capacity.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

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[8] Market shares for the first nine months of 2016 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

[9] "Sell-out" means sales by the distribution network to final customers.

Commercial Vehicles

Commercial Vehicles	First nine months of 2017		First nine months of 2016		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	11.1	65.9	11.3	67.1	-1.3%	-1.8%	(0.2)	(1.2)
of which EMEA	9.8	63.3	9.4	63.2	4.4%	0.2%	0.4	0.2
(of which Italy)	*3.4*	*35.5*	*3.7*	*35.8*	*-6.7%*	*-0.6%*	*(0.2)*	*(0.2)*
of which America	1.3	2.6	1.9	3.9	-30.2%	-34.3%	(0.6)	(1.4)
India	*116.2*	*219.6*	*134.0*	*234.6*	-13.3%	-6.4%	(17.8)	(15.0)
TOTAL	**127.3**	**285.5**	**145.3**	**301.7**	**-12.3%**	**-5.4%**	**(17.9)**	**(16.2)**
Ape	122.5	213.6	139.4	230.7	-12.1%	-7.4%	(16.9)	(17.0)
Porter	2.7	31.6	2.4	26.9	14.3%	17.6%	0.3	4.7
Quargo	0.3	1.2	0.9	5.1	-70.8%	-77.2%	(0.6)	(3.9)
Mini Truk	1.8	5.1	2.6	5.9	-30.2%	-13.5%	(0.8)	(0.8)
Spare parts and Accessories		34.0		33.1		2.7%		0.9
TOTAL	**127.3**	**285.5**	**145.3**	**301.7**	**-12.3%**	**-5.4%**	**(17.9)**	**(16.2)**

The Commercial Vehicles category includes three- and four-wheelers with a maximum mass below 3.5 tons (category N1 in Europe) designed for commercial and private use, and related spare parts and accessories.

Background

Europe

In the first nine months of 2017, the European light commercial vehicles market (vehicles with a maximum mass less than or equal to 3.5 tons), in which the Piaggio Group operates, recorded sales of 1,479,060 units, a 4.0% increase compared to the first nine months of 2016 (data source ACEA). In detail, the trends of main European reference markets are as follows: Germany (+3.5%), France (+7.1%), Italy (-0.2%) and Spain (+ 16.4%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went down from 427,783 units in the first nine months of 2016 to 365,249 in the same period of 2017, registering a 14.6% decrease.

On this market, the negative trend was generated by the passenger vehicles segment (-19.5%; 280,439 units). Conversely, the cargo segment increased by 6.9%, from 79,371 units in the first nine months of 2016 to 84,810 units in the first nine months of 2017. The traditional three-wheeler market is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where

Piaggio Vehicles Private Limited operates. The LCV cargo market, with vehicles with a maximum mass below 2 tons, recorded sales of 99,560 units in the first nine months of 2017, increasing by 14.3% compared to the first nine months of 2016.

Main results

During the first nine months of 2017, the Commercial Vehicles business generated sales of approximately €285.5 million, including around €34.0 million relating to spare parts and accessories, a 5.4% decrease compared to the same period in the previous year. During the period, 127,300 units were sold, down by 12.3% compared to the first nine months of 2016.
On the EMEA and Americas market, the Piaggio Group sold 11,100 units, with sales decreasing by 1.3% and achieved a total net turnover of approximately €65.9 million, including spare parts and accessories for €15.0 million.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 104,845 three-wheeler vehicles on the Indian market (121,044 in the first nine months of 2016) achieving a net turnover of approximately €180.2 million (€194.5 million in the first nine months of 2016).
The same company also exported 9,397 three-wheeler vehicles (9,981 in the first nine months of 2016); the downturn is mainly due to a slowdown in the sales of some African countries.
On the four-wheeler market, sales by the Indian affiliate PVPL in the first nine months of 2017 fell by 23.1% compared to the first nine months of 2016, to 1,879 units.
In overall terms, PVPL registered a turnover of €219.6 million in the first nine months of 2017, down by 6.4% compared to the figure of €234.6 million for the same period of the previous year.

Market positioning[10]

The Piaggio Group operates in Europe and India on the light commercial vehicles market (three- and four-wheelers), with products designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India).

The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.
On the Indian three-wheeler market, Piaggio has a market share of 28.7% (28.3% in the first nine months of 2016). Detailed analysis of the market shows that Piaggio maintained its leadership position in the goods transport segment (cargo segment) with a share of 49.4% (51.2% in the first nine months of 2016). Its market share in the Passenger segment decreased to 22.4% (23.1% in the first nine months of 2016).

[10] Market shares for the first nine months of 2016 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Besides the traditional three-wheeler market in India, Piaggio also operates on the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) with the Indian Porter range. On this market, its share fell to 1.9% (3.4% in the first nine months of 2016).

Investments

Investments mainly targeted the following areas:

- developing new products and face lifts for existing products;
- improving and modernising current production capacity.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

Events occurring after the end of the period

4 October 2017 - The Piaggio Group consolidated its partnership with (RED) and the fight against AIDS unveiling the **(VESPA)$^{\mathbf{RED}}$** VXL model for the Indian market, in Mumbai. For each (VESPA)^{RED} purchased, the Group will make a donation of 50 USD to the *Global Fund* for the fight against AIDS in India. Each vehicle sold will provide more than 165 days of vital treatment for AIDS**,** which can help save the lives of many mothers and prevent the transmission of the virus to their unborn child.

4 October 2017 – Piaggio was selected by Borsa Italiana, along with another 21 listed companies, for the **Italian Listed Brands** basket. Starting from this list, a new dedicated FTSE Russell index will be created for the Italian market. Borsa Italiana made its selection based on creativity, excellence, innovation and drive towards internationalisation.

Operating outlook

In a macroeconomic context in which the recovery of the global economy will probably consolidate, but that is still affected by uncertainties over the growth rate in Europe and risks of a slowdown in some countries in Far East Asia, the Group is committed, in commercial and industrial terms, to:

- confirming its leadership position on the European two-wheeler market, optimally levering expected recovery by:
  - further consolidating its product range;
  - maintaining current positions on the European commercial vehicles market;
- consolidating operations in Asia Pacific, thanks also to the opening of new Motoplex stores, exploring new opportunities in countries in the area, always paying particular attention to the premium segment of the market;
- boosting sales of the scooters on the Indian market, thanks to the Vespa range and success of the new Aprilia SR 150;
- increasing the penetration of commercial vehicles in India and sales in emerging countries, targeting a further development of exports to African and Latin American markets.

From a technological point of view, the Piaggio Group will continue research to develop new solutions to current and future mobility challenges through the efforts of Piaggio Fast Forward (Boston) and to explore the new frontiers of design through PADc (Piaggio Advanced Design center) in Pasadena.

In Europe, the Group's Research and Development Centres traditionally more focussed on defining and manufacturing new products, will target the development of technologies and platforms that emphasize the functional and emotional aspects of vehicles, with constant updates to engines and in particular electric engines, a sector where Piaggio has been a pioneer since the mid-nineteen seventies.

More in general, the Group is committed - as in recent years and for operations in 2017 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

Transactions with related parties

Net sales, costs, payables and receivables as of 30 September 2017 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services which are a part of normal operations of the Group.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the "Notes to the Condensed Consolidated Interim Financial Statements as of 30 September 2017".

The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Investments of members of the board of directors and members of the control committee

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.

Economic glossary

Net working capital: defined as the net sum of: trade receivables, other current and non-current receivables, inventories, trade payables, other current and non-current payables, current and non-current tax receivables, deferred tax assets, current and non-current tax payables and deferred tax liabilities.

Net property, plant and equipment: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale.

Net intangible assets: consist of capitalised development costs, costs for patents and know-how and goodwill arising from acquisition/merger operations carried out by the Group.

Financial assets: defined by the Directors as the sum of investments and other non-current financial assets.

Provisions: consist of retirement funds and employee benefits, other long-term provisions and the current portion of other long-term provisions.

Gross industrial margin: defined as the difference between "Revenues" and corresponding "Cost to sell" of the period.

Cost to sell: include the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, leases and rentals, and additional operational expenditure net of operating income not included in the Gross Industrial Margin. Operating expenses also include amortisation and depreciation not included in the calculation of the Gross Industrial Margin.

Consolidated Ebitda: defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the Consolidated Income Statement.

Net capital employed: determined as the algebraic sum of "Net fixed assets", "Net working capital" and provisions.

In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of euros; changes and percentages are calculated from figures in thousands of euros and not from rounded off figures in millions of euros.

Piaggio Group

Condensed Interim Financial Statements as of 30 September 2017

Consolidated Income Statement

		First nine months of 2017		First nine months of 2016	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euros	*Notes*				
Net revenues	4	1,057,292	1,503	1,031,723	739
Cost for materials	5	619,228	21,776	610,365	20,011
Cost for services and leases and rentals	6	174,946	2,919	178,067	2,919
Employee costs	7	164,631		161,914	
Depreciation and impairment costs of property, plant and equipment	8	33,798		33,484	
Amortisation and impairment costs of intangible assets	8	56,111		47,551	
Other operating income	9	77,341	306	74,172	665
Other operating costs	10	16,797	9	14,025	21
Operating income		**69,122**		**60,489**	
Income/(loss) from investments	11	789	778	487	480
Financial income	12	668		733	
Borrowing costs	12	27,048	100	27,853	100
Net exchange gains/(losses)	12	567		(246)	
Profit before tax		**44,098**		**33,610**	
Taxes for the period	13	18,963		14,453	
Profit from continuing operations		**25,135**		**19,157**	
Assets held for sale:					
Profits or losses arising from assets held for sale	14				
Net Profit (loss) for the period		**25,135**		**19,157**	
Attributable to:					
Owners of the Parent		**25,135**		**19,157**	
Non controlling interests		**0**		**0**	
Earnings per share (figures in €)	15	**0.070**		**0.053**	
Diluted earnings per share (figures in €)	15	**0.070**		**0.053**	

Consolidated Statement of Comprehensive Income

		First nine months of 2017	First nine months of 2016
In thousands of euros	*Notes*		
Net Profit (Loss) for the period (A)		**25,135**	**19,157**
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans	39	1,425	(4,341)
Total		**1,425**	**(4,341)**
Items that may be reclassified in the income statement			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	39	(10,122)	(1,966)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method	39	(658)	(491)
Total profits (losses) on cash flow hedges	39	(23)	31
Total		**(10,803)**	**(2,426)**
Other components of the Statement of Comprehensive Income (B)*		**(9,378)**	**(6,767)**
Total Profit (loss) for the period (A + B)		**15,757**	**12,390**

* Other Profits (and losses) take account of relative tax effects

Attributable to:		
Owners of the Parent	**15,730**	**12,437**
Non controlling interests	**27**	**(47)**

Consolidated Statement of Financial Position

		As of 30 September 2017		As of 31 December 2016	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
ACTIVITIES					
Non-current assets					
Intangible assets	16	648,817		668,665	
Property, plant and equipment	17	274,610		301,079	
Investment Property	18	11,667		11,710	
Investments	33	7,565		7,445	
Other financial assets	34	8,923		19,209	
Long-term tax receivables	23	18,749		15,680	
Deferred tax assets	19	59,596		60,372	
Trade receivables	21				
Other receivables	22	11,732	115	13,170	133
Total non-current assets		**1,041,659**		**1,097,330**	
Assets held for sale	25				
Current assets					
Trade receivables	21	104,041	1,951	75,166	3,350
Other receivables	22	22,708	9,151	24,151	8,753
Short-term tax receivables	23	32,705		26,783	
Inventories	20	237,729		208,459	
Other financial assets	35	3,112		7,069	
Cash and cash equivalents	36	179,387		191,757	
Total current assets		**579,682**		**533,385**	
Total assets		**1,621,341**		**1,630,715**	

		As of 30 September 2017		As of 31 December 2016	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	38	390,051		394,019	
Share capital and reserves attributable to non-controlling interests	38	(278)		(305)	
Total shareholders' equity		**389,773**		**393,714**	
Non-current liabilities					
Financial liabilities falling due after one year	37	452,604	2,900	535,105	2,900
Trade payables	26				
Other long-term provisions	27	10,891		10,566	
Deferred tax liabilities	28	3,711		3,880	
Retirement funds and employee benefits	29	45,416		48,924	
Tax payables	30				
Other long-term payables	31	5,195	162	5,485	162
Total non-current liabilities		**517,817**		**603,960**	
Current liabilities					
Financial liabilities falling due within one year	37	169,389		173,445	
Trade payables	26	456,545	14,414	395,649	9,935
Tax payables	30	24,883		8,128	
Other short-term payables	31	53,086	7,230	46,936	7,152
Current portion of other long-term provisions	27	9,848		8,883	
Total current liabilities		**713,751**		**633,041**	
Total Shareholders' Equity and Liabilities		**1,621,341**		**1,630,715**	

Consolidated Statement of Cash Flows

This statement shows the factors behind changes in cash and cash equivalents, net of short-term bank overdrafts, as required by IAS 7.

		First nine months of 2017		First nine months of 2016	
		Total	of which related parties	Total	of which related parties
In thousands of euros	*Notes*				
Operating activities					
Consolidated net profit		25,135		19,157	
Allocation of profit to non-controlling interests					
Taxes for the period	13	18,963		14,453	
Depreciation of property, plant and equipment	8	33,798		33,484	
Amortisation of intangible assets	8	56,111		47,551	
Provisions for risks and retirement funds and employee benefits		14,253		13,797	
Write-downs / (Reinstatements)		1,879		852	
Losses / (Gains) on the disposal of property, plants and equipment		(81)		(93)	
Losses / (Gains) on the disposal of intangible assets					
Financial income	12	(591)		(733)	
Dividend income		(11)		(7)	
Borrowing costs	12	24,771		25,471	
Income from public grants		(2,647)		(2,970)	
Portion of earnings of affiliated companies	11	(778)		(480)	
Change in working capital:					
(Increase)/Decrease in trade receivables	21	(27,573)	1,399	(14,224)	19
(Increase)/Decrease in other receivables	22	3,404	(380)	4,373	(218)
(Increase)/Decrease in inventories	20	(29,270)		(23,451)	
Increase/(Decrease) in trade payables	26	60,896	4,479	65,961	2,827
Increase/(Decrease) in other payables	31	5,860	78	9,106	972
Increase/(Decrease) in provisions for risks	27	(6,955)		(7,869)	
Increase/(Decrease) in retirement funds and employee benefits	29	(9,139)		(1,723)	
Other changes		2,533		(24,980)	
Cash generated from operating activities		**170,558**		**157,675**	
Interest paid		(21,904)		(21,704)	
Taxes paid		(12,346)		(16,935)	
Cash flow from operating activities (A)		**136,308**		**119,036**	
Investment activities					
Investment in property, plant and equipment	17	(16,831)		(26,912)	
Sale price, or repayment value, of property, plant and equipment		172		224	
Investment in intangible assets	16	(38,817)		(38,767)	
Sale price, or repayment value, of intangible assets		456			
Dividends from investments	11	11			
Collected interests		658		359	
Cash flow from investment activities (B)		**(54,351)**		**(65,096)**	
Financing activities					
Purchase of treasury shares	38			(5,565)	
Outflow for dividends paid	38	(19,698)		(17,962)	
Loans received	37	55,090		72,050	
Outflow for repayment of loans	37	(119,734)		(65,398)	
Financing received for leases	37			12,839	
Repayment of finance leases	37	(842)		(1,307)	
Cash flow from funding activities (C)		**(85,184)**		**(5,343)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(3,227)		48,597	
Opening balance		**191,400**		**101,302**	
Exchange differences		(9,008)		(1,130)	
Closing balance		**179,165**		**148,769**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2017 / 30 September 2017

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of euros												
As of 1 January 2017		**207,614**	**7,171**	**18,395**	**(388)**	**(5,859)**	**(14,116)**	**(5,646)**	**186,848**	**394,019**	**(305)**	**393,714**
Profit for the period									25,135	**25,135**		**25,135**
Other components of the Statement of Comprehensive Income	39				(23)		(10,807)		1,425	**(9,405)**	**27**	**(9,378)**
Total profit (loss) for the period		**0**	**0**	**0**	**(23)**	**0**	**(10,807)**	**0**	**26,560**	**15,730**	**27**	**15,757**
<u>Transactions with shareholders:</u>												
Allocation of profits	38			700					(700)	**0**		**0**
Distribution of dividends	38								(19,698)	**(19,698)**		**(19,698)**
Cancellation of treasury shares	38					(5,646)		5,646		**0**		**0**
As of 30 September 2017		**207,614**	**7,171**	**19,095**	**(411)**	**(11,505)**	**(24,923)**	**0**	**193,010**	**390,051**	**(278)**	**389,773**

Movements from 1 January 2016 / 30 September 2016

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of euros												
As of 1 January 2016		**207,614**	**7,171**	**17,643**	**(586)**	**(5,859)**	**(15,608)**	**(34)**	**194,194**	**404,535**	**(242)**	**404,293**
Profit for the period									19,157	**19,157**		**19,157**
Other components of the Statement of Comprehensive Income	39				31		(2,410)		(4,341)	**(6,720)**	**(47)**	**(6,767)**
Total profit (loss) for the period		**0**	**0**	**0**	**31**	**0**	**(2,410)**	**0**	**14,816**	**12,437**	**(47)**	**12,390**
Transactions with shareholders:												
Allocation of profits	38			753					(753)	**0**		**0**
Distribution of dividends	38								(17,962)	**(17,962)**		**(17,962)**
Purchase of treasury shares	38							(5,565)		**(5,565)**		**(5,565)**
As of 30 September 2016		**207,614**	**7,171**	**18,396**	**(555)**	**(5,859)**	**(18,018)**	**(5,599)**	**190,295**	**393,445**	**(289)**	**393,156**

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The addresses of the registered office and places where the Group conducts its main business operations are listed in the introduction to the financial statements. The main operations of the Company and its subsidiaries (the Group) are described in the Report on Operations.

These Financial Statements are expressed in euros (€) since this is the currency in which most of the Group's transactions take place. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

1. Scope of consolidation

The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2016 and 30 September 2016.

2. Compliance with international accounting standards

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

In preparing these Condensed Interim Financial Statements, drawn up in compliance with IAS 34 – *Interim Financial Reporting*, the accounting standards used to prepare the Consolidated Financial Statements as of 31 December 2016 have been adopted.

The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2016, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2016.

It should also be noted that some assessment processes, in particular the most complex ones such as establishing any impairment of fixed assets, are generally undertaken in full only when preparing the annual financial statements, when all the potentially necessary information is available, except in cases where there are indications of impairment which require an immediate assessment of any impairment loss.

The Group's activities, especially those regarding two-wheeler products, are subject to significant seasonal changes in sales during the year.

Income tax is recognised on the basis of the best estimate of the average weighted tax rate for the entire financial period.

New accounting standards, amendments and interpretations applied as from 1 January *2017*

No new international accounting standards or amendments to standards already adopted in the preparation of the 2016 Financial Statements were adopted in these quarterly financial statements.

Accounting standards amendments and interpretations not yet adopted

At the date of these Financial Statements, competent bodies of the European Union had completed the approval process necessary for the adoption of the following accounting standards and amendments:

- In May 2014, the IASB and FASB jointly published IFRS 15 "Revenue from Contracts with Customers". The purpose of this standard is to improve reporting on revenues and their comparability between different financial statements. The new standard is applicable in a retrospective manner for years commencing from or after 1 January 2018. Early adoption is possible. The Group is continuing its in-depth analysis of the different types of contracts relative to the sale of two-/three- and four-wheeler vehicles, spare parts, accessories and components to dealers, importers or direct customers that represent the most significant component. Contract types with less financial impact (e.g. concerning royalties) are also being analysed. Management considers that it will be able to make a more reliable evaluation in the next 6 months. In any case, the Group has not entered into significant contracts relative to scheduled maintenance plans, nor has plans that extend vehicle warranties beyond the period required by law.

- On 24 July 2014, the IASB finalised its project to revise the accounting standard for financial instruments, with the issue of the complete version of IFRS 9 "Financial Instruments". In particular, the new provisions of IFRS 9: (i) amend the model that classifies and measures financial assets; (ii) introduce a new method for writing down financial assets, that takes account of expected credit losses; (iii) amend hedge accounting provisions and (iv) establish new criteria for the recognition of transactions amending financial liabilities. The provisions of IFRS 9 will be applicable for years commencing on or after 1 January 2018. Early adoption is possible. The Group completed its analysis of the quantitative effects arising from adoption of the standard, which are not particularly significant.

Accounting standards amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- In the month of January 2016, the IASB published IFRS 16 "Leases". This new standard will replace the current IAS 17. The main change concerns the accounting by lessees that, according to IAS 17, were required to make a distinction between a finance lease (on balance sheet) and an operating leases (off balance sheet). With IFRS 16, operating leases will be treated for accounting purposes as finance leases. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases.
  This standard will apply from 1 January 2019. Early application will be possible if IFRS 15 "Revenue from contracts with customers" is jointly adopted.
- In January 2016, the IASB issued an amendment to IAS 12 "Income Taxes". These amendments clarify how to recognise deferred taxes related to debt instruments calculated at fair value.
  These amendments will apply from 1 January 2017, after the EU endorsement process has been completed.
- In January 2016, the IASB issued an amendment to IAS 7 "Statement of Cash Flows". These amendments to IAS 7 introduce additional information that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will apply from 1 January 2017, after the EU endorsement process has been completed.
- In June 2016, the IASB issued an amendment to IFRS 2 “Share-based Payment”. These amendments clarify how some share-based payments are recognised. These amendments will apply from 1 January 2018.
- In December 2016, the IASB issued an amendment to IAS 40 "Investment Property". These amendments clarify change in use, which is a necessary condition for transfer from/to Investment Property. These amendments will apply from 1 January 2018.
- In September 2016, the IASB issued an amendment to IFRS 4 "Insurance Contracts”, as regards the application of IFRS 9, 'Financial instruments'.
  These amendments will enable companies that issue insurance contracts to recognise the volatility that may arise when IFRS 9 is adopted before the new standard on insurance contracts is issued in the statement of comprehensive income rather than in the income statement. It will also allow companies whose main activity is related to insurance contracts to temporarily defer the adoption of IFRS 9 until 2021. Entities that defer the adoption of IFRS 9 will continue to adopt IAS 39. These amendments will apply from 1 January 2018.

- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle The amendments concern:

- IFRS 12 - Disclosure of Interests in Other Entities (effective date of 1 January 2017);

- IFRS 1- *First-time Adoption of International Financial Reporting Standards* (effective date of 1 January, 2018);

- IAS 28 - Investments in Associates and Joint Ventures (effective date of 1 January, 2018).

The amendments clarify, correct or remove redundant wording in the related IFRS Standard and are not expected to have a material impact to our Consolidated Financial Statements or disclosures upon adoption of the amendments.

- In December 2016, the IASB issued IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation will be effective from 1 January, 2018.
- In May 2017, IASB issued the new standard IFRS 17 – Insurance Contracts. The new standard will replace IFRS 4 and will be effective from 1 January 2021.
- In June 2017 the IASB published interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" which provides information on how to account for uncertainties over the tax treatment of a given phenomenon in the recognition of income taxes. IFRIC 23 will be effective from 1 January 2019.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the expected operating outlook.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below.

Currency	**Spot exchange rate 29 September 2017**	**Average exchange rate First nine months of 2017**	**Spot exchange rate 31 December 2016**	**Average exchange rate First nine months of 2016**
US Dollar	1.1806	1.11403	1.0541	1.11617
Pounds Sterling	0.88178	0.87318	0.85618	0.80304
Indian Rupee	77.0690	72.64485	71.5935	74.91642
Singapore Dollars	1.6031	1.54704	1.5234	1.52975
Chinese yuan	7.8534	7.57660	7.3202	7.34662
Croatian Kuna	7.4950	7.44106	7.5597	7.53679
Japanese Yen	132.82	124.68130	123.40	120.95228
Vietnamese Dong	26,573.79	25,119.67675	23,894.71	24,719.21010
Canadian Dollars	1.4687	1.45461	1.4188	1.47459
Indonesian Rupiah	15,988.86	14,852.14198	14,167.10	14,864.99409
Brazilian Real	3.7635	3.53516	3.4305	3.95608

In relation to the Statement of Comprehensive Income and Cash Flows for the first nine months of 2016 published last year and presented for comparative purposes, some items were reclassified, for a greater comparability with figures for the first nine months of 2017.

B) SEGMENT REPORTING

3. Operating segment reporting

The organisational structure of the Group is based on 3 Geographical Segments, involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and the Americas, India and Asia Pacific 2W. Operating segments are identified by management, in line with the management and control model used.
In particular, the structure of disclosure corresponds to the structure of periodic reporting analysed by the Chairman and Chief Executive Officer for business management purposes.
Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- Emea and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

Central structures and development activities currently dealt with by EMEA and the Americas, are handled by individual segments.

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
Sales volumes (unit/000)	1-1/30-9-2017	202.4	166.7	57.6	**426.7**
	1-1/30-9-2016	193.5	158.6	59.6	**411.7**
	Change	9.0	8.0	(2.0)	**15.0**
	Change %	4.6%	5.1%	-3.3%	**3.7%**
Turnover (in millions of euros)	1-1/30-9-2017	664.7	260.4	132.2	**1,057.3**
	1-1/30-9-2016	640.9	255.1	135.8	**1,031.7**
	Change	23.8	5.3	(3.6)	**25.6**
	Change %	3.7%	2.1%	-2.6%	**2.5%**
Gross margin (millions of euros)	1-1/30-9-2017	209.0	68.4	49.8	**327.1**
	1-1/30-9-2016	188.9	71.0	50.1	**309.9**
	Change	20.1	(2.6)	(0.3)	**17.2**
	Change %	10.6%	-3.7%	-0.6%	**5.6%**
EBITDA (millions of euros)	1-1/30-9-2017				**159.0**
	1-1/30-9-2016				**141.5**
	Change				**17.5**
	Change %				**12.4%**
EBIT (millions of euros)	1-1/30-9-2017				**69.1**
	1-1/30-9-2016				**60.5**
	Change				**8.6**
	Change %				**14.3%**
Net profit (millions of euros)	1-1/30-9-2017				**25.1**
	1-1/30-9-2016				**19.2**
	Change				**6.0**
	Change %				**31.2%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 1,057,292

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 20,134) and invoiced advertising cost recoveries (€/000 2,826), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographic segment

The breakdown of revenues by geographical segment is shown in the following table:

	First nine months of 2017		First nine months of 2016		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of euros						
EMEA and Americas	664,722	62.9	640,883	62.1	23,839	3.7
India	260,373	24.6	255,079	24.7	5,294	2.1
Asia Pacific 2W	132,197	12.5	135,761	13.2	(3,564)	-2.6
Total	**1,057,292**	**100.0**	**1,031,723**	**100.0**	**25,569**	**2.5**

In the first nine months of 2017, net sales revenues increased by 2.5% compared to the same period of the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 619,228

The percentage of costs accounting for net sales went down, from 59.2% in the first nine months of 2016 to 58.6% in the current period. The item includes €/000 21,776 (€/000 20,011 in the first nine months of 2016) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, that are sold on European and Asian markets.

6. Costs for services and leases and rental costs €/000 174,946

Costs for services and leases and rental costs decreased by €/000 3,121 compared to the first nine months of 2016.
The item includes costs for temporary work of €/000 1,857.
Costs for leases and rentals, amounting to €/000 13,183, include lease rentals for business properties of €/000 5,506, as well as lease payments for car hire, computers and photocopiers.

7. Employee costs **€/000 164,631**

Employee costs include €/000 3,768 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	First nine months 2017	First nine months 2016	Change
In thousands of euros			
Salaries and wages	121,533	120,150	1,383
Social security contributions	32,996	33,109	(113)
Termination benefits	5,631	5,751	(120)
Other costs	4,471	2,904	1,567
Total	**164,631**	**161,914**	**2,717**

Below is a breakdown of the headcount by actual number and average number:

	Average number		
	First nine months 2017	First nine months 2016	Change
Level			
Senior management	96.7	100.6	(3.9)
Middle management	589.9	575.7	14.2
White collars	1,726.0	1,800.2	(74.2)
Blue collars	4,230.8	4,547.3	(316.5)
Total	**6,643.4**	**7,023.8**	**(380.4)**

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).

In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

	Number as of		
	30 September 2017	31 December 2016	Change
Senior management	95	97	(2)
Middle management	598	599	(1)
White collars	1,734	1,731	3
Blue collars	4,513	4,279	234
Total	**6,940**	**6,706**	**234**
EMEA and Americas	3,733	3,752	(19)
India	2,379	2,113	266
Asia Pacific 2W	828	841	(13)
Total	**6,940**	**6,706**	**234**

8. Amortisation/depreciation and impairment costs **€/000 89,909**

The item increased by €/000 8,874 compared to the first nine months of 2016. This item includes:

- Amortisation and impairment costs of intangible assets for €/000 56,111 (€/000 47,551 in the first nine months of 2016);
- Depreciation and impairment costs of plant, property and equipment for €/000 33,798 (€/000 33,484 in the first nine months of 2016).

9. Other operating income **€/000 77,341**

This item, consisting mainly of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, increased by €/000 3,169 compared to the first nine months of 2016.

10. Other operating costs **€/000 16,797**

This item increased by €/000 2,772 and includes €/000 43 for "costs from changes in the fair value of investment property" referred to the valuation of the Spanish site of Martorelles.

11. Income/(loss) from investments **€/000 789**

Income from investments refers to the portion attributable to the Group of the Zongshen Piaggio Foshan joint venture (€/000 792), of the affiliated company Pontech (€/000 -14) measured at equity, as well as dividends from minority interests (€/000 11).

12. Net financial income (borrowing costs) **€/000 (25,813)**

The balance of financial income (borrowing costs) for the first nine months of 2017 was negative €/000 25,813, registering a decrease compared to the sum of €/000 27,366 for the same period of the previous year. The positive result of currency operations and reduction in average debt and relative costs contributed most to this improvement, partially offset by a lower capitalisation of borrowing costs compared to the same period of the previous year. During the first nine months of 2017, borrowing costs for €/000 230 were capitalised (compared to borrowing costs of €/000 664 capitalised in the first nine months of the previous year).
The average rate used during 2017 for the capitalisation of borrowing costs (because of general loans), was equal to 17.2% and relates to loans taken out by the Vietnamese company in the local currency.

13. Taxes **€/000 18,963**

Income tax for the period, determined based on IAS 34, was estimated by applying a rate of 43% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the financial year.

14. Gain/(loss) from assets held for disposal or sale **€/000 0**

At the end of the reporting period, there were no gains or losses from assets held for disposal or sale.

15. Earnings per share

Earnings per share are calculated as follows:

		First nine months of 2017	First nine months of 2016
Net profit	€/000	25,135	19,157
Earnings attributable to ordinary shares	€/000	25,135	19,157
Average number of ordinary shares in circulation		358,153,644	358,992,100
Earnings per ordinary share	€	0.070	0.053
Adjusted average number of ordinary shares		358,153,644	358,992,100
Diluted earnings per ordinary share	€	0.070	0.053

D) INFORMATION ON OPERATING ASSETS AND LIABILITIES

16. Intangible assets €/000 648,817

The table below shows the breakdown of intangible assets as of 30 September 2017, as well as changes during the period.

	Development costs	Patent rights	Concessions, licences and trademarks	Goodwill	Other	Assets under development and advances	Total
In thousands of euro							
As of 31 December 2016							
Historical cost	207,024	331,054	149,074	557,322	7,568	26,079	1,278,121
Provisions for write-down	(379)						(379)
Accumulated amortisation	(136,057)	(254,475)	(100,854)	(110,382)	(7,309)		(609,077)
Net carrying amount	**70,588**	**76,579**	**48,220**	**446,940**	**259**	**26,079**	**668,665**
First nine months of 2017							
Investments	13,078	2,531			58	23,150	38,817
Transitions in the period	8,357	1,369			18	(9,744)	0
Amortisation	(29,427)	(22,123)	(3,617)		(139)		(55,306)
Disposals	(452)	(4)					(456)
Write-downs						(805)	(805)
Exchange differences	(1,637)	(69)			(19)	(363)	(2,088)
Other changes	(10)						(10)
Total movements for the period	**(10,091)**	**(18,296)**	**(3,617)**	**0**	**(82)**	**12,238**	**(19,848)**
As of 30 September 2017							
Historical cost	220,920	333,801	155,074	557,322	6,883	39,076	1,313,076
Provisions for write-down						(759)	(759)
Accumulated amortisation	(160,423)	(275,518)	(110,471)	(110,382)	(6,706)		(663,500)
Net carrying amount	**60,497**	**58,283**	**44,603**	**446,940**	**177**	**38,317**	**648,817**

The breakdown of intangible assets for the period put into service and under development is as follows:

	Value as of 30 September 2017			**Value as of 31 December 2016**			**Change**		
	In operation	Under development and advances	Total	In operation	Under development and advances	Total	In operation	Under development and advances	Total
In thousands of euros									
Development costs	60,497	35,855	96,352	70,588	23,185	93,773	(10,091)	12,670	2,579
Patent rights	58,283	2,460	60,743	76,579	2,890	79,469	(18,296)	(430)	(18,726)
Concessions, licences and trademarks	44,603		44,603	48,220		48,220	(3,617)	0	(3,617)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	177	2	179	259	4	263	(82)	(2)	(84)
Total	**610,500**	**38,317**	**648,817**	**642,586**	**26,079**	**668,665**	**(32,086)**	**12,238**	**(19,848)**

Intangible assets went down overall by €/000 19,848 mainly due to amortisation for the period which was only partially balanced by investments for the period.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
In the first nine months, borrowing costs for €/000 120 were capitalised.
As of 30 June 2017, the Group had compared final and estimated figures of 2017, combined with forecast data for the 2018-2020 period, approved by the Board of Directors on 23 February 2017. This analysis did not highlight any indicators requiring an update to the impairment test carried out for the purposes of the financial statements as of 31 December 2016.

17. Property, plant and equipment €/000 274,610

The table below shows the breakdown of property, plant and equipment as of 30 September 2017, as well as changes during the period.

	Land	Buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
In thousands of euros							
As of 31 December 2016							
Historical cost	28,083	169,539	478,775	509,102	50,630	17,169	1,253,298
Provisions for write-down			(483)	(2,526)	(64)		(3,073)
Accumulated depreciation		(70,012)	(351,637)	(485,101)	(42,396)		(949,146)
Net carrying amount	**28,083**	**99,527**	**126,655**	**21,475**	**8,170**	**17,169**	**301,079**
First nine months of 2017							
Investments		488	1,555	3,001	2,207	9,580	16,831
Transitions in the period		584	10,206	1,453	59	(12,302)	0
Depreciation		(3,837)	(17,810)	(8,601)	(3,550)		(33,798)
Disposals			(23)	(3)	(65)		(91)
Write-downs							0
Exchange differences		(2,107)	(6,501)		(318)	(495)	(9,421)
Other changes		13	(76)		73		10
Total movements for the period	**0**	**(4,859)**	**(12,649)**	**(4,150)**	**(1,594)**	**(3,217)**	**(26,469)**
As of 30 September 2017							
Historical cost	28,083	167,638	475,123	513,289	51,568	13,952	1,249,653
Provisions for write-down			(483)	(2,408)	(64)		(2,955)
Accumulated depreciation		(72,970)	(360,634)	(493,556)	(44,928)		(972,088)
Net carrying amount	**28,083**	**94,668**	**114,006**	**17,325**	**6,576**	**13,952**	**274,610**

The breakdown of property, plant and equipment in operation and under construction is as follows:

	Value as of 30 September 2017			Value as of 31 December 2016			Change		
	In operation	Under construction and advances	Total	In operation	Under construction and advances	Total	In operation	Under construction and advances	Total
In thousands of euros									
Land	28,083		28,083	28,083		28,083	0	0	0
Buildings	94,668	1,986	96,654	99,527	2,035	101,562	(4,859)	(49)	(4,908)
Plant and machinery	114,006	7,138	121,144	126,655	9,800	136,455	(12,649)	(2,662)	(15,311)
Equipment	17,325	4,706	22,031	21,475	5,229	26,704	(4,150)	(523)	(4,673)
Other assets	6,576	122	6,698	8,170	105	8,275	(1,594)	17	(1,577)
Total	**260,658**	**13,952**	**274,610**	**283,910**	**17,169**	**301,079**	**(23,252)**	**(3,217)**	**(26,469)**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).
The increases mainly relate to the construction of moulds for new vehicles launched during the period.
Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets.
In the first nine months, borrowing costs for €/000 110 were capitalised.

As of 30 September 2017, the net value of assets held through lease agreements was equal to €/000 11,844, and refers to the Pontedera painting plant for the Vespa and to the vehicles used by the Aprilia Racing Team.

	As of 30 September 2017
In thousands of euros	
Vespa painting plant	11,769
Vehicles	75
Total	**11,844**

Future lease rental commitments are detailed in note 37.

18. Investment Property €/000 11,667

Investment property refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.

In thousands of euros	
Opening balance as of 1 January 2017	**11,710**
Fair value adjustment	(43)
Final balance as of 30 September 2017	**11,667**

During the quarter, no indicators of changes in fair value were identified, and therefore the carrying amount determined for the Half-year Financial Report as of 30 June 2017, with the assistance of a specific appraisal by an independent expert, was confirmed. The expert evaluated the “Fair value less cost of disposal” using a market approach (as provided for by IFRS 13). This analysis identified the total value of the investment as €/000 11,667.

The Group uses the "fair value model" as provided for in IAS 40, thus the measurement updated during 2017 resulted in profit adjusted to fair value, equal to €/000 43 being recognised under other costs in the income statement for the period.

19. Deferred tax assets **€/000 59,596**

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

The item totalled €/000 59,596, down on the figure of €/000 60,372 as of 31 December 2016.

Deferred tax assets and liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

1. tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
2. taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans taken from the Group plan were used as a reference.

In view of these considerations, and with a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences.

20. Inventories **€/000 237,729**

This item comprises:

	As of 30 September 2017	**As of 31 December 2016**	**Change**
In thousands of euros			
Raw materials and consumables	108,113	99,137	8,976
Provision for write-down	(15,488)	(14,464)	(1,024)
Net value	*92,625*	*84,673*	7,952
Work in progress and semifinished products	13,282	16,624	(3,342)
Provision for write-down	(852)	(852)	0
Net value	*12,430*	*15,772*	(3,342)
Finished products and goods	156,370	129,930	26,440
Provision for write-down	(23,907)	(22,065)	(1,842)
Net value	*132,463*	*107,865*	24,598
Advances	211	149	62
Total	**237,729**	**208,459**	**29,270**

The increase as of 30 September 2017 in inventories is in line with performance expected for production and sales volumes.

21. Current and non-current trade receivables €/000 104,041

As of 30 September 2017 and 31 December 2016, no trade receivables were recognised as non-current assets.

Current trade receivables are broken down as follows:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Trade receivables due from customers	102,090	71,816	30,274
Trade receivables due from JV	1,938	3,349	(1,411)
Trade receivables due from parent companies	2	1	1
Trade receivables due from associates	11	-	11
Total	**104,041**	**75,166**	**28,875**

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles Co. Ltd.

Receivables due from parent companies regard amounts due from Immsi.

Receivables due from associates regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 28,396.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits.

As of 30 September 2017, trade receivables still due sold without recourse totalled €/000 105,117. Of these amounts, Piaggio received payment prior to natural expiry, of €/000 95,413.

As of 30 September 2017, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 13,174 with a counter entry recorded in current liabilities.

22. Other current and non-current receivables **€/000 34,440**

They consist of:

In thousands of euros	As of 30 September 2017	As of 31 December 2016	Change
Other non-current receivables			
Sundry receivables due from associates	115	133	(18)
Prepaid expenses	9,365	10,904	(1,539)
Advances to employees	52	61	(9)
Security deposits	1,079	927	152
Receivables due from others	1,121	1,145	(24)
Total non-current portion	**11,732**	**13,170**	**(1,438)**

Receivables due from associates regard amounts due from the Fondazione Piaggio.

In thousands of euros	As of 30 September 2017	As of 31 December 2016	Change
Other current receivables			
Sundry receivables due from parent companies	8,085	7,705	380
Sundry receivables due from JV	1,059	957	102
Sundry receivables due from associates	7	91	(84)
Accrued income	821	513	308
Prepaid expenses	5,900	3,790	2,110
Advance payments to suppliers	1,357	736	621
Advances to employees	249	2,214	(1,965)
Fair value of derivatives	100	401	(301)
Security deposits	309	221	88
Receivables due from others	4,821	7,523	(2,702)
Total current portion	**22,708**	**24,151**	**(1,443)**

Receivables due from parent companies refer to the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention.

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Receivables due from associates regard amounts due from Immsi Audit.

The item *Fair Value* of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis (€/000 100 current portion).

Other receivables are recognised net of a write-down provision of €/000 5,848.

23. Current and non-current tax receivables €/000 51,454

Receivables due from tax authorities consist of:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
VAT receivables	32,556	25,956	6,600
Income tax receivables	13,747	11,869	1,878
Other tax receivables	5,151	4,638	513
Total tax receivables	**51,454**	**42,463**	**8,991**

Non-current tax receivables totalled €/000 18,749, compared to €/000 15,680 as of 31 December 2016, while current tax receivables totalled €/000 32,705 compared to €/000 26,783 as of 31 December 2016.

24. Receivables due after 5 years €/000 0

As of 30 September 2017, there were no receivables due after 5 years.

25. Assets held for sale €/000 0

As of 30 September 2017, there were no assets held for sale.

26. Current and non-current trade payables €/000 456,545

As of 30 September 2017 and as of 31 December 2016 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Amounts due to suppliers	442,131	385,714	56,417
Trade payables to JV	13,926	9,777	4,149
Trade payables due to other related parties	14	26	(12)
Amounts due to parent companies	474	132	342
Total	**456,545**	**395,649**	**60,896**

27. Provisions (current and non-current portion) €/000 20,739

The breakdown and changes in provisions for risks during the period were as follows:

	As of 31 December 2016	Allocations	Uses	Reclassifications	Exchange differences	As of 30 September 2017
In thousands of euros						
Provision for product warranties	11,700	8,587	(6,515)	64	(300)	13,536
Provision for quality-related events	0	27	(27)			0
Provision for contractual risks	4,546	8	(103)		(14)	4,437
Risk provision for legal disputes	2,082		(67)		(58)	1,957
Provisions for risk on guarantee	58					58
Other provisions for risks	1,063		(307)		(5)	751
Total	**19,449**	**8,622**	**(7,019)**	**64**	**(377)**	**20,739**

The breakdown between the current and non-current portion of long-term provisions is as follows:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Non-current portion:			
Provision for product warranties	4,303	3,939	364
Provision for contractual risks	4,349	4,349	0
Risk provision for legal disputes	1,512	1,512	0
Other provisions for risks and charges	727	766	(39)
Total non-current portion	**10,891**	**10,566**	**325**

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Current portion:			
Provision for product warranties	9,233	7,761	1,472
Provisions for contractual risks	88	197	(109)
Risk provision for legal disputes	445	570	(125)
Provisions for risk on guarantee	58	58	0
Other provisions for risks and charges	24	297	(273)
Total	**9,848**	**8,883**	**965**

The product warranty provision relates to allocations for technical assistance on products covered by customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.

The provision increased during the period by €/000 8,587 and was used for €/000 6,515 in relation to charges incurred during the period.

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.

The provision for litigation concerns labour litigation and other legal proceedings.

28. Deferred tax liabilities €/000 3,711

Deferred tax liabilities amount to €/000 3,711 compared to €/000 3,880 as of 31 December 2016.

29. Retirement funds and employee benefits €/000 45,416

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Retirement funds	794	755	39
Post-employment benefits provision	44,622	48,169	(3,547)
Total	**45,416**	**48,924**	**(3,508)**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
As regards the discount rate, the Group uses the iBoxx Corporates AA rating with a 10+ duration as the valuation reference.
If instead an iBoxx Corporates A rating with a 10+ duration had been used, the value of actuarial losses and the provision as of 30 September 2017 would have been lower by €349 thousand.

30. Current and non-current tax payables €/000 24,883

As of 30 September 2017 and as of 31 December 2016, no tax payables were recorded under non-current liabilities.
Their breakdown was as follows:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Due for income taxes	10,282	1,184	9,098
Due for non-income tax	57	38	19
Tax payables for:			
- VAT	10,946	1,958	8,988
- Tax withheld at source	2,536	4,186	(1,650)
- other	1,062	762	300
Total	*14,544*	*6,906*	*7,638*
Total	**24,883**	**8,128**	**16,755**

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws.

Payables for withheld taxes made refer mainly to withheld taxes on employees' earnings, on employment termination payments and on self-employed earnings.

31. Other payables (current and non-current) €/000 58,281

This item comprises:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Non-current portion:			
Guarantee deposits	2,595	2,553	42
Deferred income	2,271	2,597	(326)
Miscellaneous payables to JV	162	162	0
Other payables	167	173	(6)
Total non-current portion	**5,195**	**5,485**	**(290)**

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Current portion:			
Payables to employees	20,313	14,881	5,432
Accrued expenses	9,200	5,664	3,536
Deferred income	3,493	1,227	2,266
Amounts due to social security institutions	4,997	8,821	(3,824)
Fair value of derivatives	65	237	(172)
Miscellaneous payables to JV	90	181	(91)
Sundry payables due to affiliated companies		34	(34)
Sundry payables due to parent companies	7,140	6,937	203
Other payables	7,788	8,954	(1,166)
Total current portion	**53,086**	**46,936**	**6,150**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 7,992 and other payments to be made for €/000 12,321.

Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio (Foundation).

Payables to parent companies consist of payables to Immsi referring to expenses relative to the consolidated tax convention.

The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis (€/000 65 current portion).

The item Accrued liabilities includes €/000 971 for interest on hedging derivatives and relative hedged items measured at fair value.

32. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 37 Financial Liabilities.

With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

33. Investments €/000 7,565

The investments heading comprises:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Interests in joint ventures	7,428	7,294	134
Investments in affiliated companies	137	151	(14)
Total	**7,565**	**7,445**	**120**

The increase in the item Interests in joint ventures refers to the equity valuation of the investment in the Zongshen Piaggio Foshan Motorcycles Co. Ltd. joint venture.

34. Other non-current financial assets €/000 8,923

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Fair value of derivatives	8,887	19,173	(10,286)
Investments in other companies	36	36	0
Total	**8,923**	**19,209**	**(10,286)**

The item Fair Value of hedging derivatives refers to €/000 8,346 from the long-term portion of the fair value of the Cross Currency Swap on a private debenture loan, and €/000 541 from the long-term portion of the fair value of Cross Currency Swaps on a medium-term loan of the Indian subsidiary.

35. Other current financial assets €/000 3,112

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Fair value of derivatives	3,112	7,069	(3,957)
Total	**3,112**	**7,069**	**(3,957)**

This item refers to €/000 2,486 for the short-term portion of the fair value of the cross currency swap for the private debenture loan, to €/000 541 for the short-term portion of the fair value of the cross currency swap for medium-term loans of the Indian subsidiary and to €/000 85 for the short-term portion of the cross currency swap for the medium-term loan of the Vietnamese subsidiary.

36. Cash and cash equivalents €/000 179,387

The item, which mainly includes short-term and on demand bank deposits, is broken down as follows:

	As of 30 September 2017	As of 31 December 2016	Change
In thousands of euros			
Bank and postal deposits	141,529	166,114	(24,585)
Cheques		1	(1)
Cash on hand	62	48	14
Securities	37,796	25,594	12,202
Total	**179,387**	**191,757**	**(12,370)**

The item Securities refers to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

Reconciliation of cash and cash equivalents recognised in the statement of financial position as assets with cash and cash equivalents recognised in the Statement of Cash Flows

The table below reconciles the amount of cash and cash equivalents above with cash and cash equivalents recognised in the Statement of Cash Flows.

	As of 30 September 2017	As of 30 September 2016	Change
In thousands of euros			
Liquidity	179,387	150,956	28,431
Current account overdrafts	(222)	(2,187)	1,965
Closing balance	**179,165**	**148,769**	**30,396**

37. Current and non-current financial liabilities €/000 621,993

In the first nine months of 2017, the Group's total debt decreased by €/000 86,557. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 September 2017, the total financial debt of the Group had decreased by €/000 72,579.

	Financial liabilities as of 30 September 2017			Financial liabilities as of 31 December 2016			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of euros									
Gross financial debt	166,141	443,993	610,134	166,371	516,342	682,713	(230)	(72,349)	(72,579)
Fair value adjustment	3,248	8,611	11,859	7,074	18,763	25,837	(3,826)	(10,152)	(13,978)
Total	**169,389**	**452,604**	**621,993**	**173,445**	**535,105**	**708,550**	**(4,056)**	**(82,501)**	**(86,557)**

Net financial debt of the Group amounted to €/000 430,747 as of 30 September 2017 compared to €/000 490,956 as of 31 December 2016.

	As of 30 September 2017	**As of 31 December 2016**	**Change**
In thousands of euros			
Liquidity	**179,387**	**191,757**	**(12,370)**
Securities			0
Current financial receivables	**0**	**0**	**0**
Payables due to banks	(69,016)	(64,150)	(4,866)
Current portion of bank borrowings	(72,858)	(80,132)	7,274
Debenture loan	(9,625)	(9,617)	(8)
Amounts due to factoring companies	(13,174)	(11,030)	(2,144)
Amounts due under leases	(1,138)	(1,114)	(24)
Current portion of payables due to other lenders	(330)	(328)	(2)
Current financial debt	**(166,141)**	**(166,371)**	**230**
Net current financial debt	**13,246**	**25,386**	**(12,140)**
Payables due to banks and lenders	(130,642)	(222,912)	92,270
Debenture loan	(303,549)	(282,442)	(21,107)
Amounts due under leases	(9,455)	(10,311)	856
Amounts due to other lenders	(347)	(677)	330
Non-current financial debt	**(443,993)**	**(516,342)**	**72,349**
Net Financial Debt*	**(430,747)**	**(490,956)**	**60,209**

***** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of relative hedged items equal to €/000 11,859 and relative accruals.

Non-current financial liabilities totalled €/000 443,993 against €/000 516,342 as of 31 December 2016, whereas current financial liabilities totalled €/000 166,141 compared to €/000 166,371 as of 31 December 2016.

The attached tables summarise the breakdown of financial debt as of 30 September 2017 and as of 31 December 2016, as well as changes for the period.

	As of 31.12.2016	Repayments	New issues	Reclassification to the current portion	Exchange delta	Other changes	As of 30.09.2017
In thousands of euros							
Non-current portion							
Bank financing	222,912		556	(91,386)	(2,268)	828	130,642
Bonds	282,442		30,000	(9,669)		776	303,549
Other medium-/long-term loans:							
of which leases	10,311			(855)		(1)	9,455
of which amounts due to other lenders	677			(327)		(3)	347
Total other loans	*10,988*	*0*	*0*	*(1,182)*	*0*	*(4)*	*9,802*
Total	**516,342**	**0**	**30,556**	**(102,237)**	**(2,268)**	**1,600**	**443,993**

	As of 31.12.2016	Repayments	New issues	Reclassification from the non-current portion	Exchange delta	Other changes	As of 30.09.2017
In thousands of euros							
Current portion							
Current account overdrafts	357	(135)					222
Current account payables	63,793	(12,265)	22,390		(5,124)		68,794
Bonds	9,617	(9,669)		9,669		8	9,625
Payables due to factoring companies	11,030		2,144				13,174
Current portion of medium-/long-term loans:							
of which leases	1,114	(842)		855		11	1,138
of which due to banks	80,132	(97,476)		91,386	(884)	(300)	72,858
of which amounts due to other lenders	328	(324)		327		(1)	330
Total other loans	*81,574*	*(98,642)*	*0*	*92,568*	*(884)*	*(290)*	*74,326*
Total	**166,371**	**(120,711)**	**24,534**	**102,237**	**(6,008)**	**(282)**	**166,141**

Medium and long-term bank debt amounts to €/000 203,500 (of which €/000 130,642 non-current and €/000 72,858 current) and consists of the following loans:

- a €/000 27,273 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2013-2015 period. The loan will mature in December 2019 and has a repayment schedule of 11 six-monthly instalments at a fixed rate of 2.723%. Contract terms require covenants (described below);
- a €/000 65,619 medium-term loan (nominal value of €/000 65,714) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 54,446 loan (nominal value of €/000 55,000), a syndicate loan for a total of €/000 250,000 comprising a €/000 175,000 four-year tranche as a revolving credit line (of which

a nominal value of €/000 5,000 used as of 30 September 2017) and a tranche as a five-year loan with amortisation of €/000 75,000 (€/000 50,000 as of 30 September 2017). Contract terms require covenants (described below);

- a €/000 4,997 three-year loan (nominal value of €/000 5,000) with amortisation granted by Banco BPM for an original amount of €/000 10,000 wholly disbursed;
- a €/000 16,644 medium-term loan (nominal value of €/000 16,670) granted by Banca Popolare Emilia Romagna. The loan will fall due on 5 June 2019 and has an amortisation quota of six-monthly instalments;
- a €/000 11,364 loan granted by Banco BPM, comprising a tranche of €/000 12,500 granted as a revolving credit line (unused as of 30 June 2017), maturing in January 2021 and a tranche of €/000 12,500 (€/000 11,364 as of 30 September 2017), maturing in July 2022, which has been wholly disbursed;
- a €/000 5,664 medium-term loan for USD/000 7,925 granted by International Finance Corporation to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 July 2019 and has an amortisation quota of six-monthly instalments as from July 2015. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 3,456 medium-term loan for USD/000 6,553 granted by International Finance Corporation to the subsidiary Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an amortisation quota of six-monthly instalments from July 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 13,476 medium-term loan for VND/000 358,104,752 granted by VietinBank to the subsidiary Piaggio Vietnam to finance the R&D investments plan. The loan matures in June 2021, with a repayment schedule in 7 six-monthly instalments, starting from June 2018, with a fixed rate for the first year, followed by a variable rate;
- €/000 561 of loans from various banks granted pursuant to Italian Law no. 346/88 on subsidised applied research.

All the above financial liabilities are unsecured.

The item Bonds for €/000 313,174 (nominal value of €/000 322,130) refers to:

- a €/000 42,009 private debenture loan (nominal value of €/000 42,130), (*US Private Placement*) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 30 September 2017 the fair value valuation of the debenture loan was equal to €/000 52,565 (the fair value was determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;

- €/000 241,328 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 24 April 2014 for a nominal amount of €/000 250,000, maturing on 30 April 2021 and with a semi-annual coupon with fixed annual nominal rate of 4.625%. Standard & Poor's and Moody's assigned a B+ rating with a stable outlook and a B1 rating with a stable outlook respectively for the issue.
- €/000 29,837 (nominal value of €/000 30,000) for a five-year private debenture loan issued on 28 June 2017 and wholly subscribed by Fondo Sviluppo Export, the fund set up by SACE and managed by Amundi SGR. The issue has no specific rating or listing on a regulated market.

The company may repay in advance:

- all or part of the amount of the high yield debenture loan issued on 24 April 2014, according to the conditions indicated in the indenture. The value of these prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument (as provided for by IAS 39 AG30 g).
- all or part of the amount of the private placement issued on 28 June 2017, according to the conditions indicated in the contract. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument (as provided for by IAS 39 AG30 g).

Medium-/long-term payables due to other lenders equal to €/000 11,270 (nominal value of €/000 11,285) of which €/000 9,802 due after the year and €/000 1,468 as the current portion, are detailed as follows:

- a finance lease for €/000 10,438 (nominal value of €/000 10,453) granted by Albaleasing as a Sale&Lease back agreement on a production plant of the Parent Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 9,335);
- a finance lease for €/000 155 granted by VFS Servizi Finanziari for the use of vehicles (non-current portion equal to €/000 120);
- a loan of €/000 41 from BMW finance for the purchase of cars (non-current portion equal to €/000 28);
- subsidised loans for a total of €/000 636 provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research using regulations to encourage exports and investments in research and development (non-current portion of €/000 319).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 13,174.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:

1) financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2) negative pledges according to which the company may not establish collaterals or other constraints on company assets;
3) "*pari passu*" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4) limitations on the extraordinary operations the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

The high-yield debenture loan issued by the company in April 2014 requires compliance with typical covenants of international high-yield market practices. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, *inter alia*, the capacity to:

1) pay dividends or distribute capital;
2) make some payments;
3) grant collaterals for loans;
4) merge with or establish some companies;
5) sell or transfer own assets.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

<u>Financial instruments</u>

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the Group has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows.

This policy analyses:

- **the transaction exchange risk**: the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency.

As of 30 September 2017, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	GBP	500	566	22/12/2017
Piaggio & C.	Purchase	CNY	64,500	8,167	05/11/2017
Piaggio & C.	Purchase	JPY	400,000	3,055	15/10/2017
Piaggio & C.	Purchase	SEK	12,800	1,340	31/10/2017
Piaggio & C.	Purchase	USD	10,300	8,631	16/10/2017
Piaggio & C.	Sale	CAD	1,640	1,117	08/11/2017
Piaggio & C.	Sale	JPY	15,000	113	30/11/2017
Piaggio & C.	Sale	INR	459,000	5,937	08/10/2017
Piaggio & C.	Sale	SEK	1,500	157	31/10/2017
Piaggio & C.	Sale	USD	8,700	7,286	27/11/2017
Piaggio Group Americas	Purchase	CAD	2,200	1,769	10/10/2017
Piaggio Group Americas	Sale	€	175	208	14/12/2017
Piaggio Group Americas	Sale	CAD	770	624	10/10/2017
Piaggio Vietnam	Sale	€	17,000	442,107,500	21/11/2017
Piaggio Indonesia	Purchase	€	30	480,300	20/10/2017
Piaggio Indonesia	Purchase	USD	4,632	62,355,651	14/11/2017
Piaggio Vehicles Private Limited	Sale	€	4,559	344,418	07/11/2017
Piaggio Vehicles Private Limited	Sale	USD	1,160	75,543	31/10/2017

- the settlement exchange risk: arises from the translation into euro of the financial statements of subsidiaries prepared in currencies other than the euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;

- **the economic exchange risk**: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

As of 30 September 2017, the Group had undertaken the following hedging transactions on the exchange risk:

Company	**Operation**	**Currency**	**Amount in currency**	**Value in local currency (forward exchange rate)**	**Average maturity**
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	41,300	5,290	22/11/2017
Piaggio & C.	Sale	GBP	1,985	2,338	12/11/2017

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 30 September 2017 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 35.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.
As of 30 September 2017, the following hedging derivatives had been taken out:

Fair value hedging derivatives (fair value hedging and fair value options)

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000 ($/000 61,000 as of 30 September 2017). The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 30 September 2017, the fair value of the instrument was equal to €/000 10,832. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 -305;

- a Cross Currency Swap to hedge loans relative to the Indian subsidiary for $/000 7,925 (€/000 5,664 as of 30 September 2017) granted by International Finance Corporation. The purpose of the instruments is to hedge interest rate risk and exchange risk, turning the loan from US dollars to Indian Rupees, and to hedge the interest rate risk on the US dollar. As of 30 September 2017 the fair value of the instruments was equal to €/000 1,082;
- a Cross Currency Swap to hedge the loan in place relative to the Vietnamese subsidiary for $/000 4,369 (€/000 3,456 as of 30 September 2017) granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. As of 30 September 2017 the fair value of the instruments was positive by €/000 85.

	FAIR VALUE
In thousands of euros	
Piaggio & C. S.p.A.	
Cross Currency Swap	10,832
Piaggio Vehicles Private Limited	
Cross Currency Swap	1,082
Piaggio Vietnam	
Cross Currency Swap	85

F) INFORMATION ON SHAREHOLDERS' EQUITY

38. Share capital and reserves €/000 389,773

For the composition of shareholders’ equity, please refer to the Statement of Changes in Consolidated Shareholders' Equity. The following describes some of the most significant items.

Share capital €/000 207,614

During the period, the nominal share capital of Piaggio & C. did not change.
On 19 April 2017 the new composition of share capital of Piaggio & C. S.p.A (fully subscribed and paid up) was registered at the relative Companies Register, following the cancellation of 3,054,736 treasury shares without any change to the share capital, resolved by the Extraordinary Shareholders' Meeting of 12 April 2017.
Therefore, as of 30 September 2017, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to €207,613,944.37 divided into 358,153,644 ordinary shares.

Treasury shares €/000 0

On 12 April 2017, the Extraordinary Shareholders’ Meeting resolved to cancel 3,054,736 treasury shares. Therefore, as of 30 September 2017, Piaggio & C. did not hold any treasury shares.

Shares in circulation and treasury shares

no. of shares	**2017**	**2016**
Situation as of 1 January		
Shares issued	361,208,380	361,208,380
Treasury portfolio shares	3,054,736	16,000
Shares in circulation	358,153,644	361,192,380
Movements for the period		
Cancellation of treasury shares	(3,054,736)	
Purchase of treasury shares		3,038,736
Situation as of 30 September 2017 and 31 December 2016		
Shares issued	358,153,644	361,208,380
Treasury portfolio shares		3,054,736
Shares in circulation	358,153,644	358,153,644

Share premium reserve €/000 7,171

The share premium reserve as of 30 September 2017 was unchanged compared to 31 December 2016.

Legal reserve €/000 19,095

The legal reserve as of 30 September 2017 had increased by €/000 700 as a result of the allocation of earnings for the last year.

Financial instruments' fair value reserve €/000 (411)

The financial instruments fair value reserve is negative and refers to the effects of cash flow hedge accounting in foreign currencies, interest and specific business transactions. These transactions are described in full in the note on financial instruments.

Dividends €/000 19,698

The Shareholders Meeting of Piaggio & C. S.p.A. of 12 April 2017 resolved to distribute a dividend of 5.5 eurocents per ordinary share. During April this year, therefore, dividends were distributed to a total value of €/000 19,698. During 2016, dividends totalling €/000 17,962 were paid.

	Total amount		**Dividend per share**	
	2017	**2016**	**2017**	**2016**
	€/000	€/000	€	€
Authorised and paid	19,698	17,962	0.059	0.05

Earnings reserve €/000 193,010

Capital and reserves of non-controlling interest €/000 (278)

The end of period figures refer to non-controlling interests in Aprilia Brasil Industria de Motociclos S.A.

39. Other components of the Statement of Comprehensive Income €/000 (9,378)

The figure is broken down as follows:

In thousands of euros	*Reserve for measurement of financial instruments*	*Group translation reserve*	*Earnings reserve*	*Group total*	*Share capital and reserves attributable to non-controlling interests*	*Total Other components of the Statement of Comprehensive Income*
As of 30 September 2017						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			1,425	1,425		1,425
Total	0	0	1,425	1,425	0	1,425
Items that may be reclassified in the income statement						
Total translation gains (losses)		(10,149)		(10,149)	27	(10,122)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method		(658)		(658)		(658)
Total profits (losses) on cash flow hedges	(23)			(23)		(23)
Total	(23)	(10,807)	0	(10,830)	27	(10,803)
Other components of the Statement of Comprehensive Income	**(23)**	**(10,807)**	**1,425**	**(9,405)**	**27**	**(9,378)**
As of 30 September 2016						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			(4,341)	(4,341)		(4,341)
Total	0	0	(4,341)	(4,341)	0	(4,341)
Items that may be reclassified in the income statement						
Total translation gains (losses)		(1,919)		(1,919)	(47)	(1,966)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates valued with the equity method		(491)		(491)		(491)
Total profits (losses) on cash flow hedges	31			31		31
Total	31	(2,410)	0	(2,379)	(47)	(2,426)
Other components of the Statement of Comprehensive Income	**31**	**(2,410)**	**(4,341)**	**(6,720)**	**(47)**	**(6,767)**

The tax effect relative to other components of the Statement of Comprehensive Income is broken down as follows:

	As of 30 September 2017			**As of 30 September 2016**		
In thousands of euros	*Gross value*	*Tax (expense) / benefit*	*Net value*	*Gross value*	*Tax (expense) / benefit*	*Net value*
Remeasurements of defined benefit plans	1,875	(450)	1,425	(5,710)	1,369	(4,341)
Total translation gains (losses)	(10,122)		(10,122)	(1,966)		(1,966)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	(658)		(658)	(491)		(491)
Total profits (losses) on cash flow hedges	(11)	(12)	(23)	47	(16)	31
Other components of the Statement of Comprehensive Income	**(8,916)**	**(462)**	**(9,378)**	**(8,120)**	**1,353**	**(6,767)**

G) OTHER INFORMATION

40. Share-based incentive plans

As of 30 September 2017, there were no incentive plans based on financial instruments.

41. Information on related parties

Net sales, costs, payables and receivables as of 30 September 2017 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 n. DEM/6064293, is reported below.
The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

Piaggio & C. S.p.A. is controlled by the following companies:

Designation	Registered office	Type	% of ownership	
			As of 30 September 2017	As of 31 December 2016
IMMSI S.p.A.	Mantua - Italy	Direct parent company	50.0700	50.0621
Omniaholding S.p.A.	Mantua - Italy	Final parent company	0.1370	0.0858

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to article 2497 et seq. of the Italian Civil Code. During the period, management and coordination comprised the following activities:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations of the Group, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.

- IMMSI has also provided services for the development and management of Company assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.

- IMMSI has provided consultancy services and assistance for the Company and subsidiaries concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2016, for a further three years, the Parent Company signed up to the National Consolidated Tax Mechanism pursuant to articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income. Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.

Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with Omniaholding S.p.A.. This agreement was signed in normal market conditions.

Omniaholding S.p.A. has undersigned Piaggio & C. bonds for a value of €2.9 million on the financial market, and collected related interest.

Pursuant to article 2.6.2, section 13 of the Regulation of Stock Markets organised and managed by Borsa Italiana S.p.A., the conditions as of article 37 of Consob regulation no. 16191/2007 exist.

Transactions with Piaggio Group companies

The main relations with subsidiaries, eliminated in the consolidation process, refer to the following transactions:

Piaggio & C. S.p.A.

- o sells vehicles, spare parts and accessories to sell on respective markets, to:

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova

- o sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o grants licences for rights to use the brand and technological know how to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o provides support services for staff functions to other Group companies;
- o issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:

- o Piaggio Indonesia
- o Piaggio Group Japan
- o Piaggio & C. S.p.A.
- o Foshan Piaggio Vehicles Tecnologies R&D

Piaggio Vehicles Private Limited sells vehicles, spare parts and accessories, for sale on respective markets, and components and engines to use in manufacturing, to Piaggio & C. S.p.A..

Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam

- o distribute vehicles, spare parts and accessories purchased by Piaggio & C. on their respective markets.

Piaggio Indonesia and Piaggio Group Japan

- o provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa

- provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

Piaggio Asia Pacific

- provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

Piaggio Group Canada

- provides a sales promotion service and after-sales services to Piaggio Group Americas in Canada.

Foshan Piaggio Vehicles Tecnologies R&D provides to:

- Piaggio & C. S.p.A.:

- component and vehicle design/development service;
- scouting of local suppliers;

- Piaggio Vietnam:

- scouting of local suppliers;
- a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center:

- provides a vehicle and component research/design/development service to Piaggio & C. S.p.A.

Aprilia Racing provides to Piaggio & C. S.p.A:

- a racing team management service;
- a vehicle design service.

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- rents a property to Piaggio & C. S.p.A.

Relations between Piaggio Group companies and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Main intercompany relations between subsidiaries and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd, refer to the following transactions:

Piaggio & C. S.p.A.

- grants licences for rights to use the brand and technological know how to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Foshan Piaggio Vehicles Tecnologies R&D

- sells vehicles to Zongshen Piaggio Foshan Motorcycle Co. Ltd. for sale on the Chinese market.

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:
  - Piaggio Vietnam
  - Piaggio & C. S.p.A.

The table below summarises the relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 30 September 2017 and relations during the period, as well as their overall impact on financial statement items.

As of 30 September 2017	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Pontech - Pontedera & Tecnologia	Studio Girelli	Trevi	Omniaholding	IMMSI	**Total**	**% of accounting item**
In thousands of euros										
Income statement										
Revenues from sales		1,503							**1,503**	**0.14%**
Costs for materials		21,776							**21,776**	**3.52%**
Costs for services			708		28	15		935	**1,686**	**1.06%**
Insurance								26	**26**	**0.90%**
Leases and rentals							165	1,042	**1,207**	**9.16%**
Other operating income		191	48					67	**306**	**0.40%**
Other operating costs								9	**9**	**0.05%**
Write-down/Impairment of investments		792		(14)					**778**	**98.61%**
Borrowing costs							100		**100**	**0.37%**
Assets										
Other non-current receivables	115								**115**	**0.98%**
Current trade receivables		1,938	11					2	**1,951**	**1.88%**
Other current receivables		1,059	7					8,085	**9,151**	**40.30%**
Liabilities										
Financial liabilities falling due after one year							2,900		**2,900**	**0.64%**
Other non-current payables		162							**162**	**3.12%**
Current trade payables		13,926			9	5	37	437	**14,414**	**3.16%**
Other current payables		90						7,140	**7,230**	**13.62%**

42. Significant non-recurring events and operations

During 2016 and the first nine months of 2017, there were no significant non-recurring transactions.

43. Transactions arising from atypical and/or unusual transactions

During 2016 and the first nine months of 2017, the Group did not record any significant atypical and/or unusual operations, as defined by CONSOB Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

44. Events occurring after the end of the period

No events to be reported occurred after the end of the period.

45. Authorisation for publication

This document was published on 10 November 2017 and authorised by the Chairman and Chief Executive Officer.

Mantua, 27 October 2017

for the Board of Directors
Chairman and Chief Executive Officer
Roberto Colaninno