PRESS RELEASE

PIAGGIO GROUP: RESULTS AT 30 SEPTEMBER 2018[1]

At 30 September 2018, the Piaggio Group reported an improvement in performance from the year-earlier period, with progress on all the main earnings indicators, higher capital expenditure and a reduction in debt.

Consolidated net sales 1,093.7 million euro, up 4.1% (+8.4% at constant exchange rates)
(1,050.4 €/mln at 30 September 2017)

Ebitda 166 million euro, up 4.4% (+6.2% at constant exchange rates)
(159 €/mln at 30.09.2017) Ebitda margin 15.2% (15.1% at 30.09.2017)

Industrial gross margin 334.4 million euro, up 3.5%
(322.9 €/mln at 30.09.2017), 30.6% return on net sales (30.7% at 30.09.2017)

Ebit 84.9 million euro, up 22.9% (69.1 €/mln at 30.09.2017)
Ebit margin 7.8% (6.6 % at 30.09.2017)

Profit before tax 66.1 million euro, up 49.9%
(44.1 €/mln at 30.09.2017)

Net profit 36.3 million euro, up 44.6% (25.1 €/mln at 30.09.2017)

Net financial position -405.1 million euro,
an improvement of 41.6 €/mln from -446.7 €/mln at 31 December 2017 and
an improvement of 25.6 €/mln from -430.7 €/mln at 30 September 2017

469,400 vehicles shipped worldwide, up by 10% (426,700 at 30 September 2017)

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Product and marketing strategy powers assigned to director Michele Colaninno

Mantua, 23 October 2018 – At a meeting today chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. (PIA.MI) examined and approved the interim report on operations as at and for the nine months to 30 September 2018.

Piaggio Group business and financial performance at 30 September 2018[2]

Group **consolidated net sales** totalled **1,093.7 million euro**, **an improvement of 4.1%** from 1,050.4 million euro at 30 September 2017. **At constant exchange rates, net sales would have risen by 8.4%** from the year-earlier period.

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[1] As from 1 January 2018, the Piaggio Group has applied IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). In this press release, the 2017 figures at 30 September have been re-stated to permit comparison with the corresponding 2018 figures.

[2] The main alternative performance indicators used by the Piaggio Group, representing the data monitored by management, are as follows:

- EBITDA: earnings (EBIT) before amortisation and depreciation and impairment losses on property, plant and equipment and intangible assets, as reflected in the consolidated income statement;
- Industrial gross margin: net sales less costs to sell;
- Net financial position: gross financial debt less cash and cash equivalents, and other current financial receivables. Determination of the net financial position does not include other financial assets and liabilities arising from measurement at fair value, derivatives designated or not as hedges, fair value adjustments of the related hedged items and related accruals.

The **industrial gross margin** was **334.4 million euro**, **up by 3.5%** from 322.9 million euro at 30 September 2017. **The return on net sales was 30.6%** (30.7% in the year-earlier period).

Operating expense sustained by the Group in the nine months to 30 September 2018 amounted to **249.5 million euro**, down 1.7% from the year-earlier period (253.8 million euro).
The changes in the income statement described above generated **consolidated Ebitda of 166 million euro, up by 4.4%** from 159 million euro at 30 September 2017. The **EBITDA margin was 15.2%** (15.1% at 30 September 2017), **the best result ever reported for the first nine months.**

EBIT in the first nine months of 2018 amounted to **84.9 million euro,** a **significant increase of 22.9%** from 69.1 million euro in the year-earlier period. The **EBIT margin** was **7.8%** (6.6% at 30 September 2017).

At 30 September 2018, the Piaggio Group posted **profit before tax** of **66.1 million euro**, **up 49.9%** compared with 44.1 million euro in the first nine months of 2017. Income tax for the period was 29.7 million euro, with an impact on pre-tax profit of 45%.

The **Piaggio Group** closed the first nine months of 2018 with **net profit of 36.3 million euro, an increase of 44.6%** compared with 25.1 million euro in the year-earlier period.

Net financial debt at 30 September 2018 stood at **405.1 million euro, an improvement of 41.6 million euro** from 446.7 million euro at 31 December 2017 and **an improvement of 25.6 million euro** from 430.7 million euro at 30 September 2017.

In the first nine months of 2018, Piaggio Group **capital expenditure amounted to 72.2 million euro, an increase of 16.6 million euro** from 55.6 million euro at 30 September 2017.

The total workforce of the Piaggio Group at 30 September 2018 numbered **6,754 employees**. The Group had 3,383 Italian employees.

<u>Business performance in the nine months to 30 September 2018</u>

During the first nine months of 2018, the **Piaggio Group sold 469,400 vehicles worldwide, an increase of 10%** (426,700 shipments in the year-earlier period), and reported consolidated net sales of **1,093.7** million euro.

At geographical level, sales volumes increased in India (+27.1%) and in Asia Pacific (7.5%), while sales volumes in the EMEA and Americas regions reflected the impact of lower market demand for 50cc vehicles. Signs of an upturn on the European market have already been reported during the third quarter.

Two-wheelers:

In the first nine months of 2018, the Group sold 312,200 two-wheelers worldwide, an improvement of 4.3% (299,400 in the first nine months of 2017), generating **net sales of 772.3 million euro** (765.9 million euro in the year-earlier period).
The figure **includes spares and accessories, on which turnover totalled 97.7 million euro**, an increase of 2.4% from 95.5 million euro in the year-earlier period.

In the first nine months of 2018, the Piaggio Group reported a **strong rise of 31.4% in sales volumes on the Indian two-wheeler market**, driven specifically by the excellent results of **Vespa and Aprilia SR,** and an **increase of 7.5% in two-wheeler sales volumes in Asia Pacific**.

In **Europe the Piaggio Group confirmed its leadership of the scooter segment, with a share of 25.4%.** The **Group also maintained a strong positioning on the North American scooter market, with a share of 23.3%.**

In the **scooter segment,** excellent results were achieved by the Vespa brand, whose worldwide shipments increased by **14%** from 30 September 2017; all the geographical areas contributed to this result, with a significant improvement in India, Asia Pacific and Europe during the third quarter, fuelled by the successful launch of the **special series**. Also in the scooter segment, **sales volumes rose for the Medley high-wheel scooter and the MP3 three-wheeler, reflecting in particular the positive response to the new engine displacements introduced in the third quarter.**

In **motorcycles**, Group volumes increased largely thanks to the **Aprilia brand, which reported an improvement of 13.2% assisted by the new Shiver 900 and Dorso Duro 900 and by the SX 50**.

Commercial vehicles:

In **commercial vehicles,** the Piaggio Group reported strong progress, with sales of **157,200 vehicles, up 23.5%** from 127,300 in the first nine months of 2017, and **net sales of 321.4 million euro, up 13%** from 284.5 million euro in the year-earlier period.
The figure includes **spares and accessories**, where **sales totalled 35.7 million euro, up 8.3%** (33 million euro in the year-earlier period).

Demand on the Indian market for **three-wheel commercial vehicles** continued to show strong progress; the PVPL subsidiary had an **overall market share of 23%** and confirmed its **leadership in the Cargo segment** with a share of **45.7%.**

The PVPL production facility exported **33,400 vehicles** in the first nine months of 2018.

Piaggio Fast Forward:

Piaggio Fast Forward (PFF), the Piaggio Group robotics company headquartered in Boston, **continued development work on its first innovative projects, Gita and Kilo, and also on a range of new functions for indoor home and business environments.** Gita and Kilo are smart vehicles able to move autonomously in today's increasingly complex urban environments. The vehicles accompany the user, map their surroundings and monitor other moving objects.

Significant events in and after the first nine months of 2018

In addition to the information published at the time of approval of the 2018 half-year results (directors' meeting of 27 July 2018):

In Pune, India, the Piaggio Group presented the new range of Ape models powered by natural gas and methane, the Ape Xtra LDX and the Ape Auto DX, intended initially for the Indian market and later to be marketed in the developing nations (press release of 24 September). These are the first Ape models with a water-cooled engine, and offer top performance in their class, while responding to the growing demand for commercial mobility solutions – specifically as regards inter-city travel in India – and for alternative energy sources thanks to their latest-generation eco-compatible engines.

On 8 October, an online pre-booking campaign was launched for the Vespa Elettrica produced in the Italian factory in Pontedera. Full marketing is scheduled to begin in November, coinciding with the EICMA motorcycle show in Milan, and will commence in Europe and later extend to other countries as from the beginning of 2019.

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Outlook

In a context in which the Piaggio Group is strengthening its position on the global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market, through:
  - further strengthening of its product range;
  - maintenance of its current positions on the European commercial vehicle market;
- consolidating its presence in Asia Pacific, by exploring new opportunities in countries in the region, with a particular focus on the premium segment of the market;
- increasing sales on the Indian scooter market thanks to the Vespa offer and the Aprilia SR;
- growing the penetration of commercial vehicles in India, in part through the introduction of new engine displacements.

At a more general level, the Group maintains its commitment – a characteristic of recent years and continuing in 2018 – to generate higher productivity through close attention to cost and investment efficiency, in compliance with its ethical principles.

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The **Piaggio & C. S.p.A. Board of Directors assigned some powers relating to product and marketing strategy to director Michele Colaninno,** in addition to the powers relating to **strategic development** assigned to him at the board meeting of 16 April 2018.

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Conference call with analysts

The presentation of the financial results as at and for the nine months ended 30 September 2018, which will be illustrated during a conference call with financial analysts, is available on the corporate website at *www.piaggiogroup.com/it/investor*.

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The Piaggio Group consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as at and for the nine months ended 30 September 2018 are set out below.

The income statement schedules have been updated as a result of the adoption of IFRS 9, which amended IAS 1 (82 ba), requiring separate recognition in the income statement of impairment losses (including impairment reversals or gains on reductions in value).

The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2 of art. 154 bis of Legislative Decree no. 58/1998 (TUF), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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In line with the recommendations of CESR Communication 05-178b, attention is drawn to the fact that this press release contains a number of indicators that, though not yet contemplated by the IFRS ("Non-GAAP Measures"), are based on financial measures envisaged by the IFRS. These indicators – presented in order to assist assessment of the Group's business performance – should not be considered as alternatives to those envisaged by the IFRS and are consistent with those in the Piaggio Group 2017 Annual Report and in the quarterly and half-year reports. Furthermore, since determination of such indicators is not specifically regulated by the IFRS, the methods used may not coincide with those adopted by other companies/groups, and consequently the indicators in question may not be comparable. In compliance with Consob Communication no. 9081707 of 16 September 2009, it should be noted that the alternative performance indicators ("Non-GAAP Measures") have not been audited by the independent auditors.

This press release may contain forward-looking statements relating to future events and Piaggio Group business and financial results. By their nature, these statements are subject to inherent risks and uncertainties, since they relate to events and depend on circumstances that may or may not occur or exist in the future. Actual results may differ materially from those expressed in such statements as a result of a variety of factors.

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SCHEDULES

Consolidated Income statement

In thousands of euro	First nine months 2018 Total	First nine months 2018 *of which related parties*	First nine months 2017 Total	First nine months 2017 *of which related parties*
Net Sales	**1,093,740**	**2,663**	**1,057,292**	**1,503**
Cost of materials	(653,919)	(17,451)	(619,228)	(21,776)
Cost of services and use of third-party assets	(170,978)	(2,828)	(174,946)	(2,919)
Employee expense	(165,937)		(164,631)	
Depreciation and impairment property, plant and equipment	(30,008)		(33,798)	
Amortisation and impairment intangible assets	(51,031)		(56,111)	
Other operating income	78,744	203	77,269	306
Impairment reversals (losses) net of trade and other receivables	(1,492)		(1,806)	
Other operating expense	(14,194)	(94)	(14,919)	(9)
EBIT	**84,925**		**69,122**	
Results of associates	765	757	789	778
Finance income	6,770	17	668	
Finance costs	(26,531)	(82)	(27,048)	(100)
Net exchange-rate gains/(losses)	160		567	
Profit before tax	**66,089**		**44,098**	
Income tax expense	(29,740)		(18,963)	
Profit from continuing operations	**36,349**		**25,135**	
Discontinued operations:				
Profit or loss from discontinued operations				
Profit (loss) for the period	**36,349**		**25,135**	
Attributable to:				
Equity holders of the parent	**36,349**		**25,135**	
Minority interests	**0**			
Earnings per share (in €)	**0.102**		**0.070**	
Diluted earnings per share (in €)	**0.102**		**0.070**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2018”.

Consolidated Statement of Comprehensive Income

In thousands of euro	**First nine months 2018**	**First nine months 2017**
Profit (loss) for the period (A)	**36,349**	**25,135**
Items that cannot be reclassified to profit or loss		
Re-measurement of defined benefit plans	(1,114)	1,425
Items that cannot be reclassified to profit or loss	**(1,114)**	**1,425**
Items that may be reclassified to profit or loss		
Gains (losses) on translation of financial statements of foreign entities	(8,681)	(10,122)
Share of components of Comprehensive Income relating to equity-accounted investees	(208)	(658)
Total gains (losses) on cash flow hedges	139	(23)
Total	**(8,750)**	**(10,803)**
Other comprehensive income (expense) (B)*	**(9,864)**	**(9,378)**
Total comprehensive income (expense) for the period (A + B)	**26,485**	**15,757**

* Other comprehensive income (expense) taking related tax effects into account

Attributable to:		
Equity holders of the parent	**26,450**	**15,730**
Minority interests	**35**	**27**

Consolidated Statement of Financial Position

	At 30 September 2018		At 31 December 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
ASSETS				
Non-current assets				
Intangible assets	648,273		648,977	
Property, plant and equipment	257,079		273,013	
Investment property	11,314		11,523	
Equity investments	8,096		7,553	
Other financial assets	5,690		7,364	
Non-current tax receivables	17,201		19,913	
Deferred tax assets	59,450		58,601	
Trade receivables				
Other receivables	13,807	94	12,157	115
Total non-current assets	**1,020,910**		**1,039,101**	
Assets held for sale				
Current assets				
Trade receivables	119,645	1,665	83,995	2,150
Other receivables	23,631	10,457	26,916	10,029
Current tax receivables	13,479		11,106	
Inventories	241,922		218,622	
Other financial assets	2,399		2,321	
Cash and cash equivalents	197,498		128,067	
Total current assets	**598,574**		**471,027**	
Total Assets	**1,619,484**		**1,510,128**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on “New accounting principles, amendments applied since 1 January 2018”.

	At 30 September 2018		At 31 December 2017	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of the parent	386,756		385,296	
Share capital and reserves attributable to minority interests	(201)		(236)	
Total shareholders' equity	**386,555**		**385,060**	
Non-current liabilities				
Borrowings due after one year	475,060		446,483	2,900
Trade payables				
Other non-current provisions	9,295		9,096	
Deferred tax liabilities	2,518		3,170	
Pension funds and employee benefits	43,899		44,457	
Tax payables	315			
Other non-current payables	5,415	13	5,621	12
Total non-current liabilities	**536,502**		**508,827**	
Current liabilities				
Borrowings due within one year	135,017		137,780	
Trade payables	476,262	11,595	411,775	9,375
Tax payables	21,885		10,185	
Other current liabilities	51,924	6,815	46,424	7,863
Current portion of other non-current provisions	11,339		10,077	
Total current liabilities	**696,427**		**616,241**	
Total Shareholders' equity and Liabilities	**1,619,484**		**1,510,128**	

Note: The effects arising from adoption of IFRS 15 and IFRS 9 are illustrated in the section of the Notes on "New accounting principles, amendments applied since 1 January 2018".

Consolidated Statement of Cash Flows

This schedule shows the determinants of changes in cash and cash equivalents net of bank overdrafts, as required by IAS 7.

	First nine months 2018		First nine months 2017	
	Total	of which related parties	Total	of which related parties
In thousands of euro				
Operating assets				
Profit (loss) for the period	36,349		25,135	
Income tax expense	29,740		18,963	
Depreciation property, plant and equipment	30,008		33,798	
Amortisation intangible assets	50,438		56,111	
Allowances for risks, retirement funds and employee benefits	13,677		14,253	
Impairment losses / (Reversals)	2,316		1,879	
Losses / (Gains) realised on sale of property, plant and equipment	(75)		(81)	
Finance income	(6,770)		(591)	
Dividend income	(8)		(11)	
Finance costs	26,531		24,771	
Income from public grants	(1,495)		(2,647)	
Share of results of associates	(757)		(778)	
Change in working capital:				
(Increase)/Decrease in trade receivables	(36,887)	485	(27,573)	1,399
(Increase)/Decrease in other receivables	1,359	(407)	3,404	(380)
(Increase)/Decrease in inventories	(23,300)		(29,270)	
Increase/(Decrease) in trade payables	64,487	2,220	60,896	4,479
Increase/(Decrease) in other payables	5,294	(1,047)	5,860	78
Increase/(Decrease) in provisions for risks	(6,616)		(6,955)	
Increase/(Decrease) in retirement funds and employee benefits	(7,611)		(9,139)	
Other movements	2,064		2,533	
Cash generated by operating activities	**178,744**		**170,558**	
Interest expense paid	(22,587)		(21,904)	
Tax paid	(19,812)		(12,346)	
Cash flow from operating activities (A)	**136,345**		**136,308**	
Investing activities				
Investment in property, plant and equipment	(20,942)		(16,831)	
Sale price or redemption value of property, plant and equipment	745		172	
Investment in intangible assets	(51,298)		(38,817)	
Sale price or redemption value of intangible assets	65		456	
Reimbursement of loans	0		11	
Interest collected	286		658	
Cash flow from investing activities (B)	**(71,144)**		**(54,351)**	
Financing activities				
Share buybacks	(1,272)		0	
Outflow for dividends paid	(19,698)		(19,698)	
Loans received	283,889		55,090	
Outflow for loan repayments	(253,664)		(119,734)	
Finance leases received	0		0	
Repayment of finance leases	(858)		(842)	
Cash flow from financing activities (C)	**8,397**		**(85,184)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	73,598		(3,227)	
Opening balance	**127,894**		**191,400**	
Exchange differences	(3,999)		(9,008)	
Closing balance	**197,493**		**179,165**	