PIAGGIO GROUP

Piaggio Group
First Half of 2018 Financial Results

Conference Call | July 27th 2018

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Foreword – IFRS 15

- Piaggio applies IFRS15 in 2018
- In this presentation to provide a better comparison of information from different years, 2017 data are restated in accordance with IFRS15 when presenting the 2018 corresponding accounts

Highlights (1/2)

Market demand

Emerging Countries confirmed strong momentum, Western Countries still slightly negative but improving throughout the semester

- Western Countries demand ended down vs. prior year, but sequentially improving across the semester:
  - European 2 Wheelers ended slightly off prior, after taking an encouraging upward shift in Q2, reflecting dual speed dynamics:
    - 50cc vehicles, still compensating for strong 2017 boosted by the shift from EURO2 to EURO4 engines, continued being a drag ending down ~30%
    - Over 50cc vehicles strengthened the uptrend ending up ~8% with positive demand spread across all major countries
  - North America still slightly off prior year, but posting an encouraging demand uptick in the latter part of the semester

- Asia Pacific growth gathered momentum as the semester progressed:
  - Vietnam and Indonesia posted sequentially stronger demand with the former ending up mid single-digit and the latter ending up double-digits
  - Other Asian countries posted mixed but overall positive demand, mainly driven by the Philippines, while Thailand was the lone major market to end slightly down

- India confirmed strong growth in all segments:
  - 3 Wheelers surged ~70%, mainly driven by Pax segment ending up ~90%; noteworthy, although benefitting from easy comparison base, the market ended above 2016 level too
  - 2 Wheelers confirmed long-lasting growth trend ending up ~20%

Highlights (2/2)

Financial Highlights

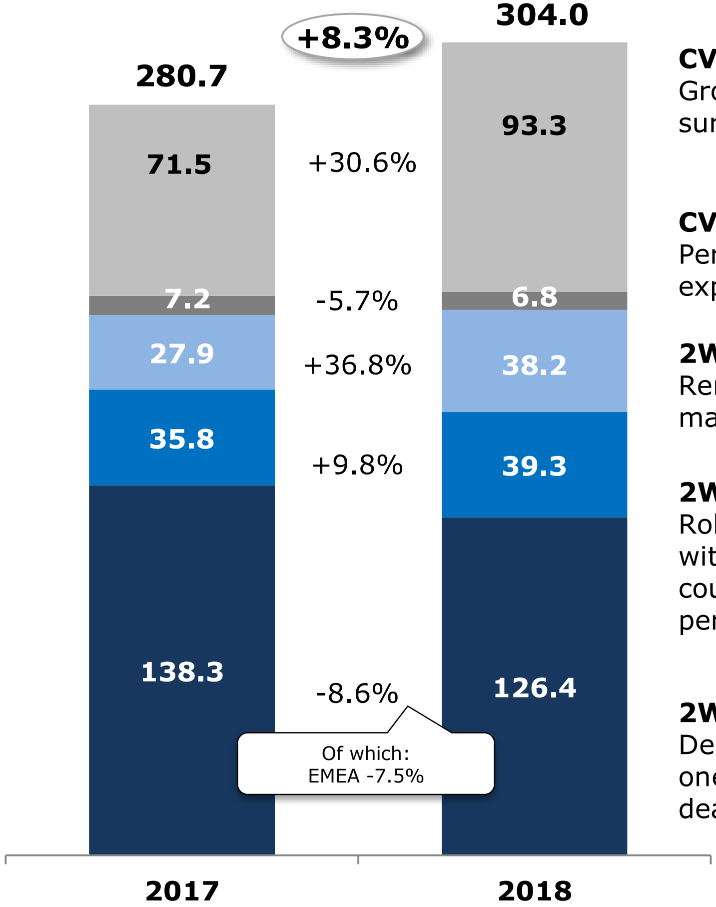
Remarkable H1 results with EBITDA @ 117€m and margin @ 16.0% the best performance to date

Healthy performance, despite lackluster demand in Western Countries, with significant uplift of all key financial metrics

- **Net Sales up by ~9€m** (+1.2%; +6.2% at constant FX)
- **EBITDA up by ~3€m** (+2.3%; +3.1% at constant FX) against tough comparison base, **with ratio on net sales at 16.0%, 0.2 p.p. above 2017**
- **Net Profit up 5.5€m** (+26.2%)
  - **Gross Margin on the rise** (+3.0€m), improving the ratio on Net Sales (31.3% vs. 31.2%) despite dilutive geographical mix, also benefitting from positive FX effect
  - **Cash Opex below PY,** confirming the ability to keep tight grip on SG&A
  - **Financial expenses down** by ~3€m, benefitting from lower debt level and reduced cost of funding as well as from the one-off impact of bond refinancing
  - **Tax rate at 45% vs. 42%,** reflecting different geographical mix
- **Capital Expenditures at ~48€m,** ~9€m above prior year level, resulting from heightened focus on new product developments consistently with FY target
- **Sound Cash Flow generation led Net Debt at 431€m, ~**19€m below June 2017 and ~15€m below YE 2017 level, confirming the commitment to reduce the leverage

Evolution by business

Volume evolution by Business (k units)



Highlights

Growth, driven by bold performance of Emerging Countries, more than compensating for weak 50cc vehicles market demand in Europe and negative FX effect across the board

CV India
Growth driven by sound domestic performance and surging exports

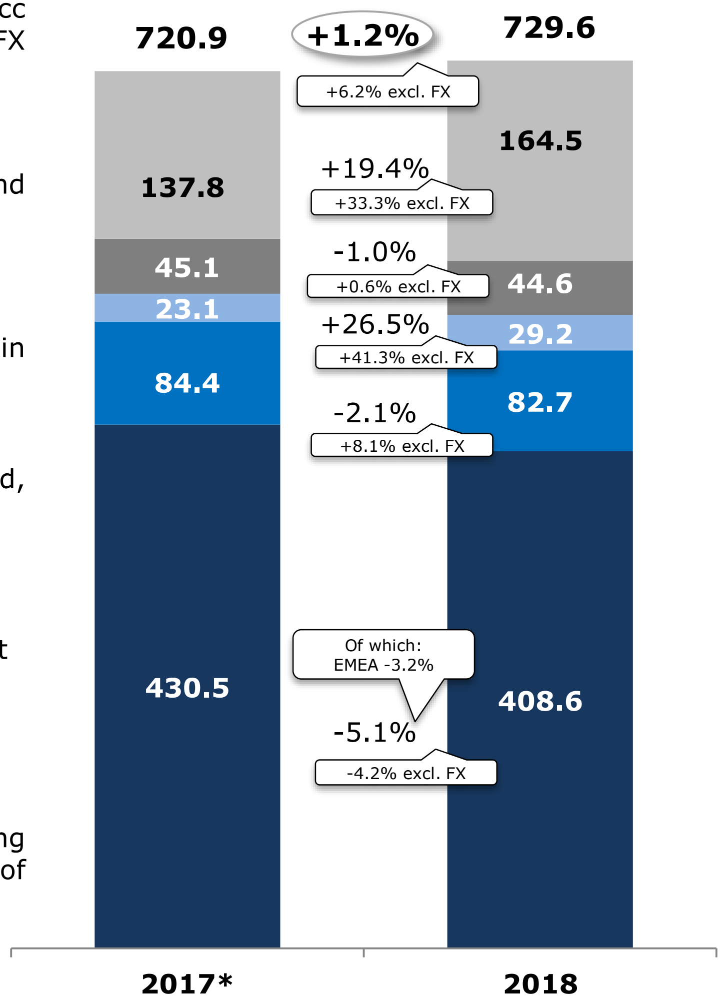
CV Western Countries
Performance underpinned by strong growth in exports and 4 Wheelers

2W India
Remarkable growth, outstripping market trend, mainly driven by Vespa sales

2W Asia Pacific
Robust performance overshadowed by FX effect, with Indonesia, Taiwan and China, the outright best countries, more than offsetting Vietnamese poor performance

2W Western Countries
Decline softened across the semester, still reflecting one-off 50cc vehicles sharp decline and drawdown of dealers' stock

Net Sales evolution by Business (€m)

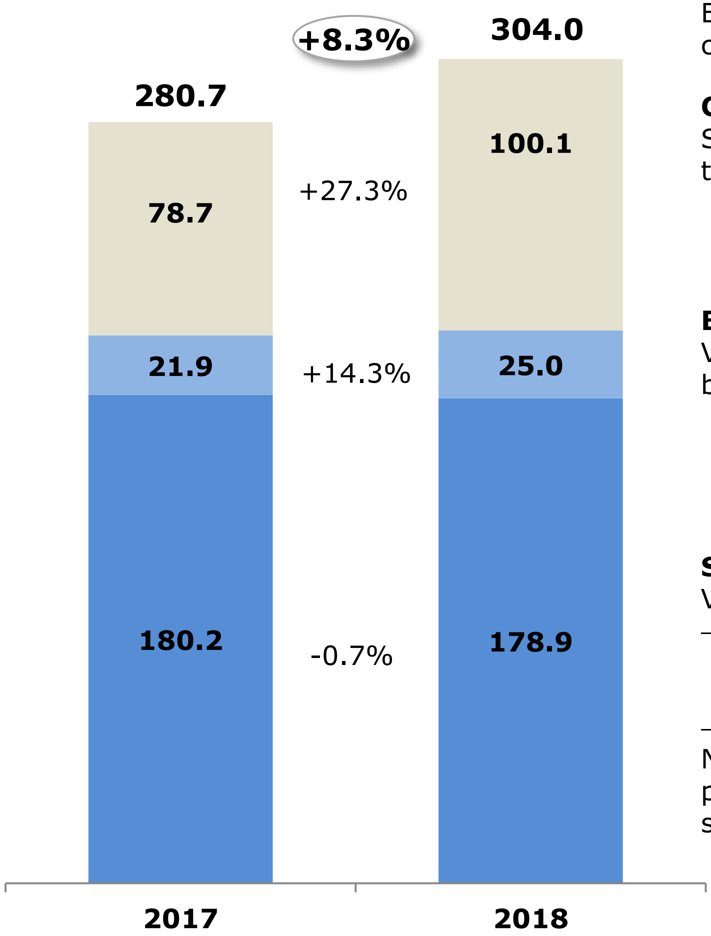


2 Wheelers: Western Countries | Asia Pacific | India   Commercial Vehicles: Western Countries | India

* Restated according to new IFRS 15

Evolution by product

Volume evolution by Product (k units)



Highlights

Scooters performance affected by European 50cc segment temporary sharp decline; Vespa was again the bright spot rising both in volume and revenues. Bikes performance dented by US market weakness coupled with negative FX effect.

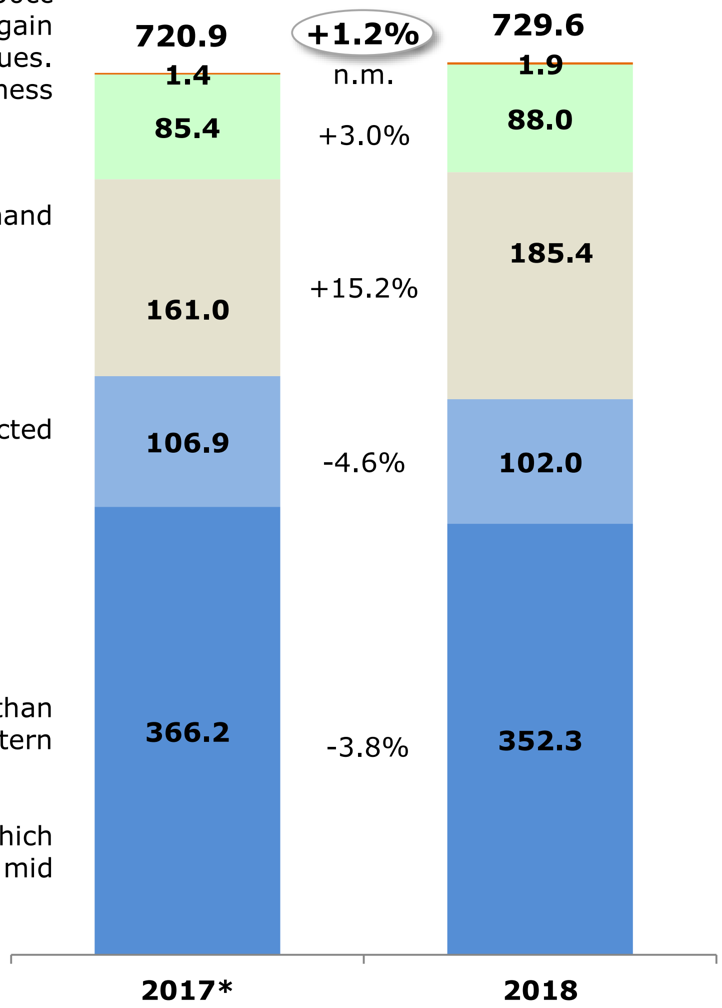
Commercial Vehicles
Strong performance on the back of positive demand trend in India and surging exports

Bikes
Volume growth driven by Derbi; revenues affected by FX and prolonged US market weakness

Scooters
Vespa performance stood out again boosted by:
- strong growth in India and Asia more than compensating for soft market demand in Western Countries
- positive price effect in all geographic areas

Noteworthy among other scooters the Medley, which posted a sound double digit growth, and MP3 up mid single digit ahead of the new version launch

Net Sales evolution by Product (€m)

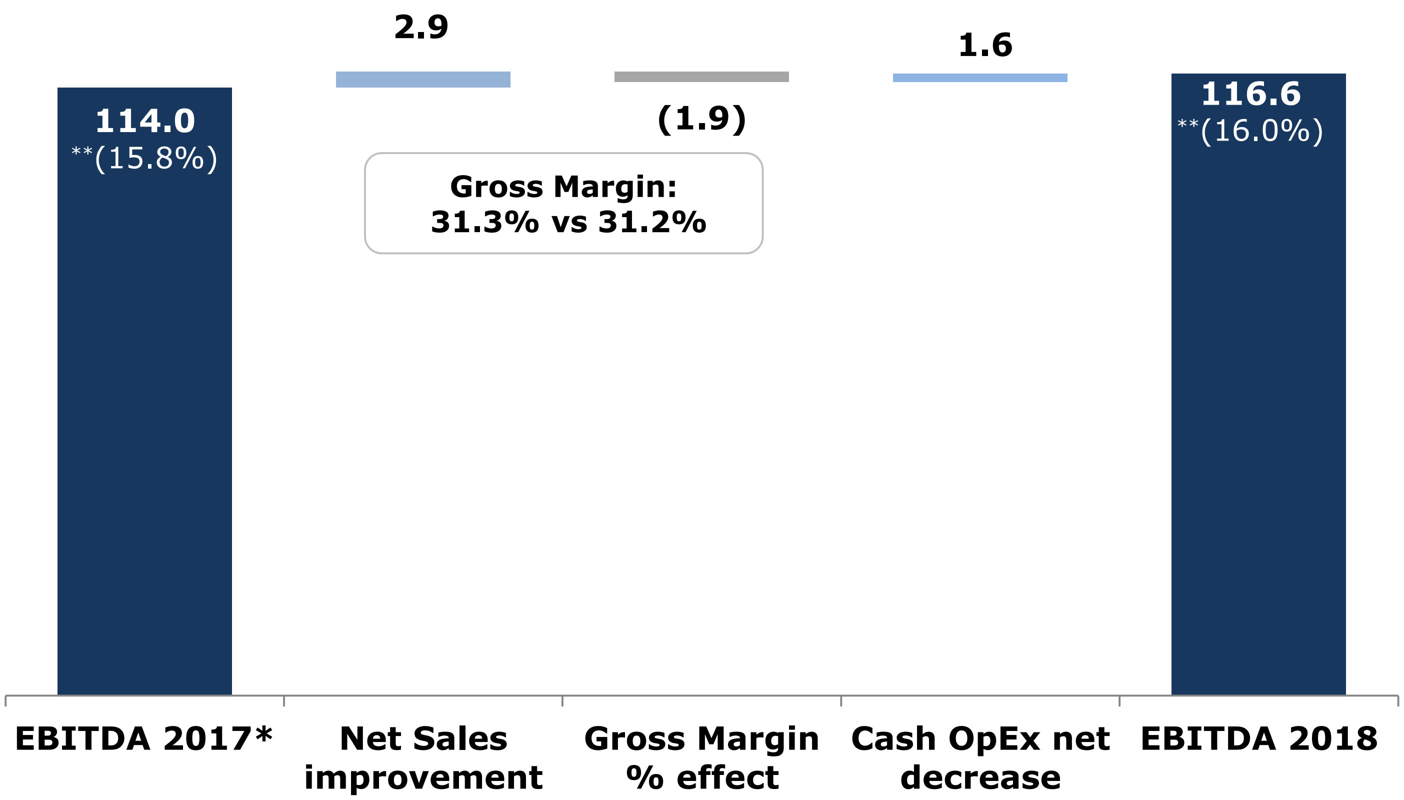


Scooters and Wi-Bike | Bikes | Commercial Vehicles | Spare parts and accessories | Other

* Restated according to new IFRS 15

EBITDA evolution

EBITDA evolution (€m)



* Restated according to new IFRS 15 ** % on Net Sales

Highlights

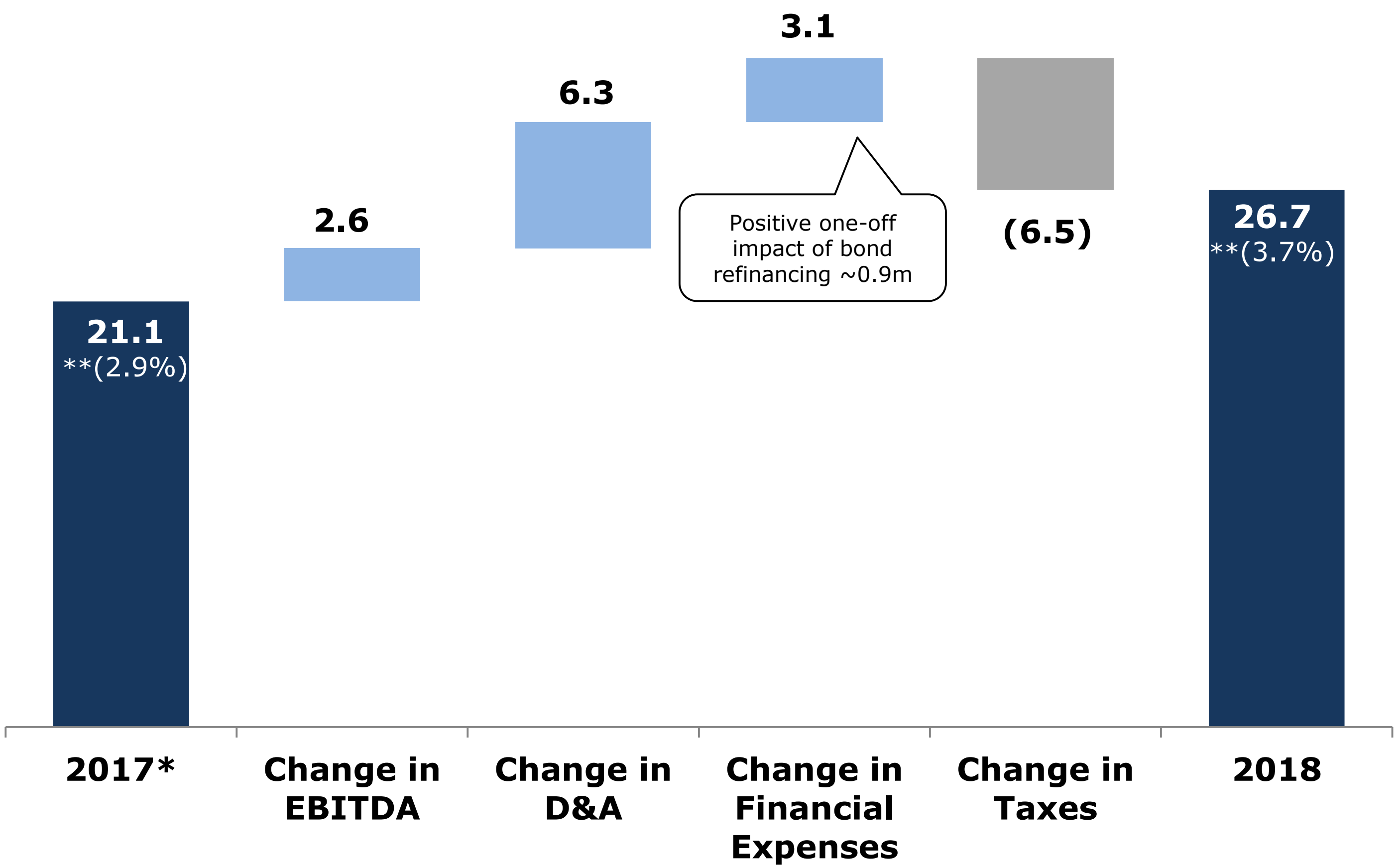
Top line growth coupled with constant ability to curb Operating Expenses drove **another EBITDA step up to 16.0 p.p. on Sales (+0.2 p.p.), the best performance to date**

Gross Margin up, driven by Net Sales increase

Cash OpEx below PY, despite revenue growth, further proving the ability to rein in SG&A whilst increasing spending in new initiatives

Net Income evolution

Net Income evolution (€m)



* Restated according to new IFRS 15 ** % on Net Sales

Highlights

Net Result rose 26% vs. PY, with significant uplift in the **ratio on Net Sales (+0.7 p.p.)** topping 3.7%, despite higher taxes

D&A down, in line with full year guidance reflecting recent year normalized level of CapEx

Financial expense down, primarily driven by lower level of average debt and positive effect of recent initiatives to lower the cost of funding; additionally benefitting from ~0.9€m of positive impact of bond refinancing

Taxes rate step up @ 45% vs. 42%, reflecting the different geographical mix of results

To sum up

P&L (€m)

	2017	2017 restated*	2018	Change 2018 vs. 2017 restated*		
				Absolute	%	% excl. FX**
Net Sales	**725.3**	**720.9**	**729.6**	**8.7**	**1.2%**	**~ +6.2%**
Gross Margin	**227.9**	**225.2**	**228.3**	**3.0**	**1.4%**	**~ +3.3%**
% on Net Sales	*31.4%*	*31.2%*	*31.3%*	*0.0%*		
EBITDA	**114.0**	**114.0**	**116.6**	**2.6**	**2.3%**	**~ +3.1%**
% on Net Sales	*15.7%*	*15.8%*	*16.0%*	*0.2%*		
Depreciation	(61.0)	(61.0)	(54.7)	6.3	-10.3%	
EBIT	**53.0**	**53.0**	**61.9**	**8.9**	**16.8%**	
% on Net Sales	*7.3%*	*7.3%*	*8.5%*	*1.1%*		
Financial Expenses	(16.5)	(16.5)	(13.4)	3.1	-19.0%	
Income before tax	**36.5**	**36.5**	**48.5**	**12.1**	**33.1%**	
Tax	(15.3)	(15.3)	(21.8)	-6.5	42.6%	
Net Income	**21.1**	**21.1**	**26.7**	**5.5**	**26.2%**	
% on Net Sales	*2.9%*	*2.9%*	*3.7%*	*0.7%*		

NFP (€m)

	30.06.2017	30.06.2018	Change
NFP	**(450.2)**	**(431.4)**	**+18.8**

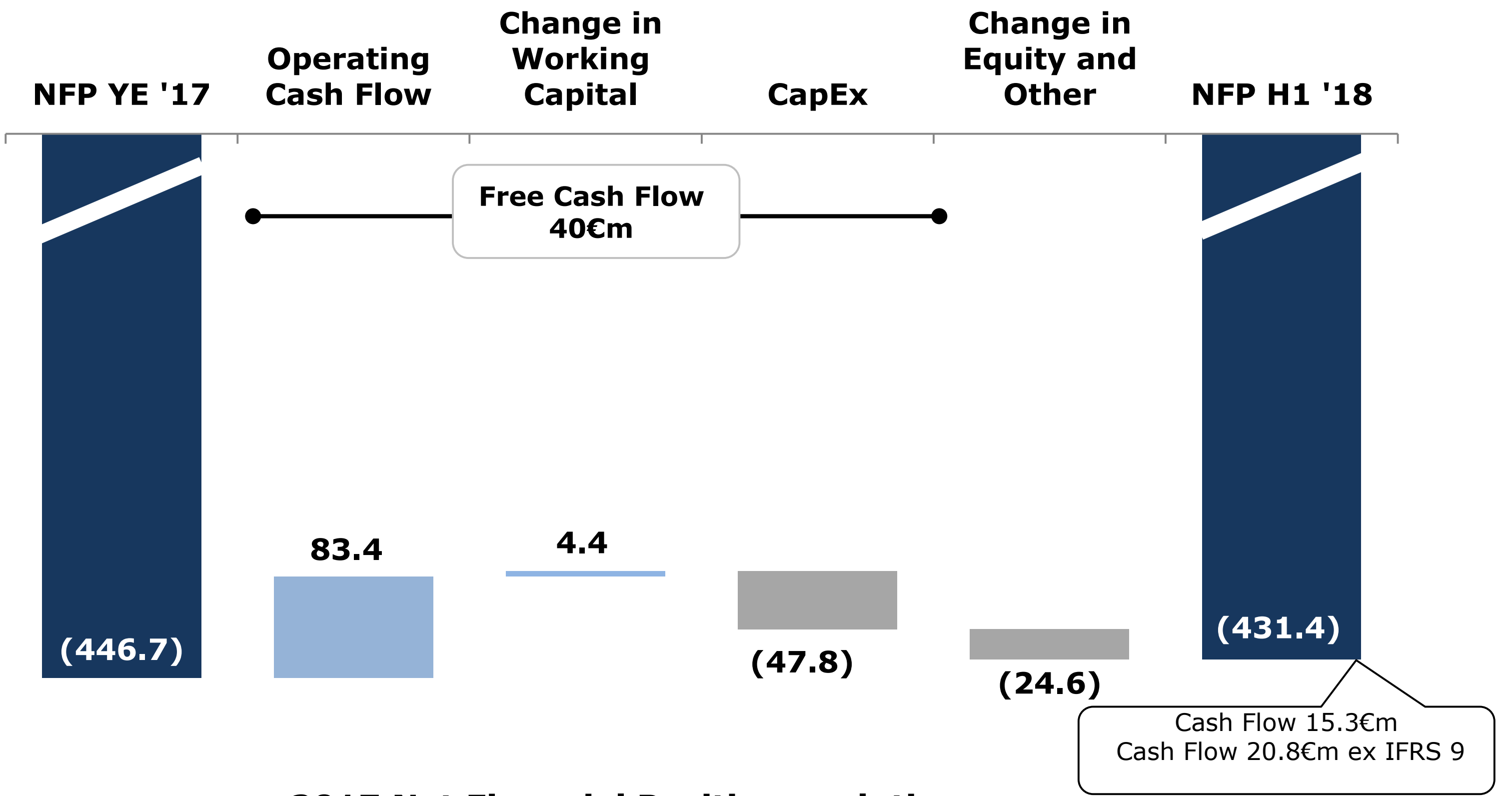
Cash Flow (€m)

	H1 2017	H1 2018	Change
Cash Flow	**40.8**	**15.3**	**-25.5**

* Restated according to new IFRS 15
** Figures at constant exchange rates are management estimates calculated using the average exchange rates for the corresponding period in the previous year

Net Financial Position

2018 Net Financial Position evolution (€m)



2017 Net Financial Position evolution (€m)

(491.0)	79.9	16.3	(38.8)	(16.6)	(450.2)
NFP YE '16					NFP H1 '17

Highlights

Cash generation despite significantly higher CapEx, confirming our commitment to reduce debt whilst increasing investments to support new initiatives

Working Capital cash generation on top of challenging comparison base

CapEx up by 9€m, consistently with FY target in the range 100 -110 €m, reflecting heightened focus on new product launches

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