Piaggio Group

First Half of 2019 Financial Results

Conference Call | July 26th 2019

PIAGGIO GROUP

Disclaimer

This presentation contains forward-looking statements regarding future events and future results of Piaggio & C S.p.A. (the "Company") that are based on the current expectations, estimates, forecasts and projections about the industries in which the Company operates, and on the beliefs and assumptions of the management of the Company. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, competition, changes in business strategy and the acquisition and disposition of assets are forward-looking in nature. Words such as 'expects', 'anticipates', 'scenario', 'outlook', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', as well as any variation of such words and similar expressions, are intended to identify such forward-looking statements. Those forward-looking statements are only assumptions and are subject to risks, uncertainties and assumptions that are difficult to predict because they relate to events and depend upon circumstances that will occur in the future. Therefore, actual results of the Company may differ materially and adversely from those expressed or implied in any forward-looking statement and the Company does not assume any liability with respect thereto. Factors that might cause or contribute to such differences include, but are not limited to, global economic conditions, the impact of competition, or political and economic developments in the countries in which the Company operates. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect any change in its expectations with regard thereto, or any change in events, conditions or circumstances which any such statement is based on. The reader is advised to consult any further disclosure that may be made in documents filed by the Company with Borsa Italiana S.p.A (Italy).

The Manager in Charge of preparing the Company financial reports hereby certifies pursuant to paragraph 2 of art. 154-bis of the Consolidated Law on Finance (Testo Unico della Finanza), that the accounting disclosures of this document are consistent with the accounting documents, ledgers and entries.

This presentation has been prepared solely for the use at the meeting/conference call with investors and analysts at the date shown below. Under no circumstances may this presentation be deemed to be an offer to sell, a solicitation to buy or a solicitation of an offer to buy securities of any kind in any jurisdiction where such an offer, solicitation or sale should follow any registration, qualification, notice, disclosure or application under the securities laws and regulations of any such jurisdiction.

Foreword – IFRS 16

- Starting from 2019 Piaggio applies IFRS 16
- In this presentation, to provide a better comparison of information from different years, 2019 data are presented also ex IFRS 16

Highlights (1/2)
Outstanding results with cash generation and all key operating metrics at peak levels

Volumes k units

+ 5.7 %

MOTO GUZZI

+43.3 %

Net Sales €m

+ 12.0 %

Positive contribution from all regions

EBITDA* €m (Margin %)

+ 12.0%

Highest since 2007

% Margin kept at peak level

Net Debt/Cash Flow* €m

- 31.0

Free Cash Flow to Equity
~ 64.0 €m
Highest since 2007

* ex IFRS 16

Highlights (2/2)

Market demand

Healthy European demand partly overshadowed by India persistent weakness and uneven trends in Asia Pac

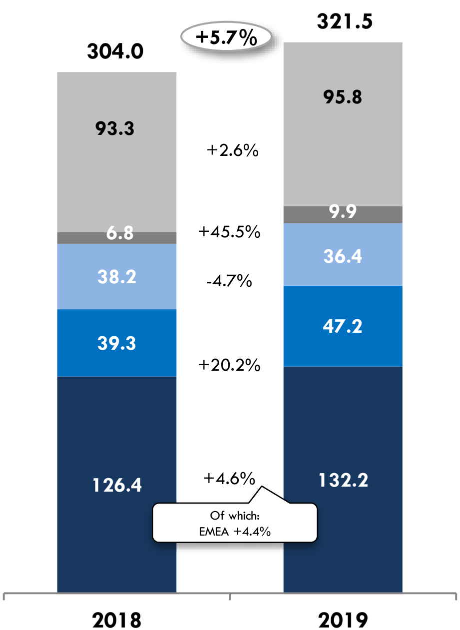
- Western Countries demand rose on the back of positive momentum in Europe:
  - European Two Wheelers kept on posting healthy demand across product and displacement segments, suggesting that the long awaited replacement cycle, albeit bumpy, may finally be underway:
    - Scooters climbed ~12%, with upward trend spread across all countries, mainly drawing strength from 50cc vehicles which ended up ~21%, while over 50cc vehicles rose ~8% notwithstanding tough comparison base
    - Bikes confirmed positive momentum growing ~8%, with healthy trend spread across all countries
  - USA Scooters still declining, although the negative trend softened as the semester progressed

- Asia Pacific kept on posting mixed demand trends:
  - Indonesia ended up high single-digit, although the positive trend softened in Q2
  - Thailand edged slightly down, confirming recent quarters muted trend
  - Vietnam ended down mid single-digit, confirming to be the laggard among major markets

- India demand kept on trending down across the semester battered by headwinds across all businesses:
  - Three Wheelers declined by ~8% with Pax segment ending down ~10% on tough comparison base as last year volumes surged ~90% boosted by the release of new licenses, while Cargo demand, although taking a downward turn in Q2, ended up ~3%
  - Scooters ended down ~16%, mainly affected by price hikes linked to new regulations and higher insurance costs

Evolution by business

Volume evolution by business (k units)



Highlights

Net Sales grew at the fastest rate to date, on the back of positive contribution of all regions coupled with significant positive price effect

CV India
Growth propped up by strong exports and sound domestic performance with revenues on the rise high single-digit against market weakness

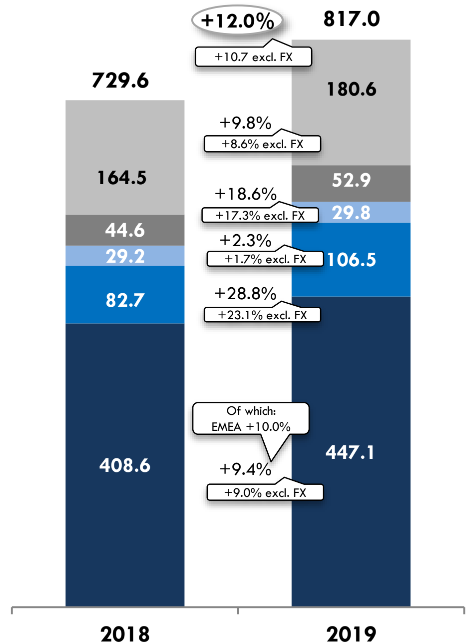
CV EMEA & Americas
Remarkable results as strong momentum, both in export and European markets, continued across the semester

2W India
Revenue growth underpinned by surging exports, more than offsetting heightened weakness of domestic demand

2W Asia Pacific
Growth accelerated across the period, despite demand volatility, driven by the outstanding performance of Indonesia, Thailand and China

2W EMEA & Americas
Revenue growth further accelerated in Q2, despite dealers' stock drawdown, powered by positive contribution of all major countries as well sound positive price effect

Net Sales evolution by business (€m)



2 Wheelers: EMEA & Americas | Asia Pacific | India **Commercial Vehicles:** EMEA & Americas | India

Evolution by product

Volume evolution by product (k units)

Highlights

Healthy revenue growth with all product segments positively contributing. Two Wheelers drew strength from top brands

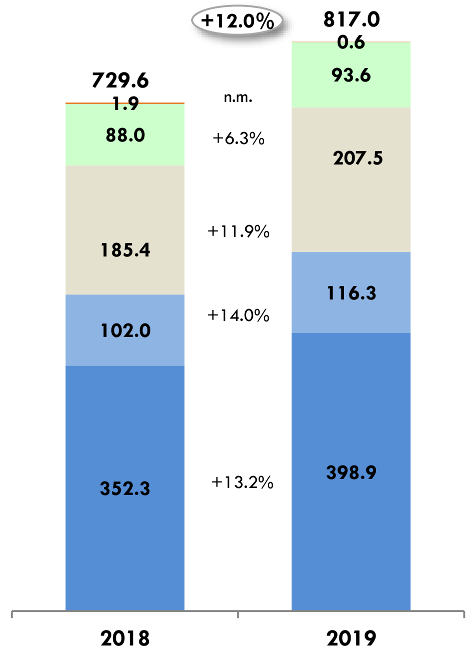
Commercial Vehicles
Sound performance among geographies boosted by surging exports

Bikes
Revenue growth mainly driven by Moto Guzzi stellar performance as well as the ongoing mix shift towards high displacement products

Scooters
Revenue on the rise in all geographies. Notably:

– Vespa and MP3 were again the bright spots, with positive performance accelerating across the semester leading to double-digit revenue growth
– Strong brand reputation coupled with rigorous pricing policy drove widespread significant positive price effect

Net Sales evolution by product (€m)



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

Strong results from key brands

Revenues

~ +16% YoY

Revenues

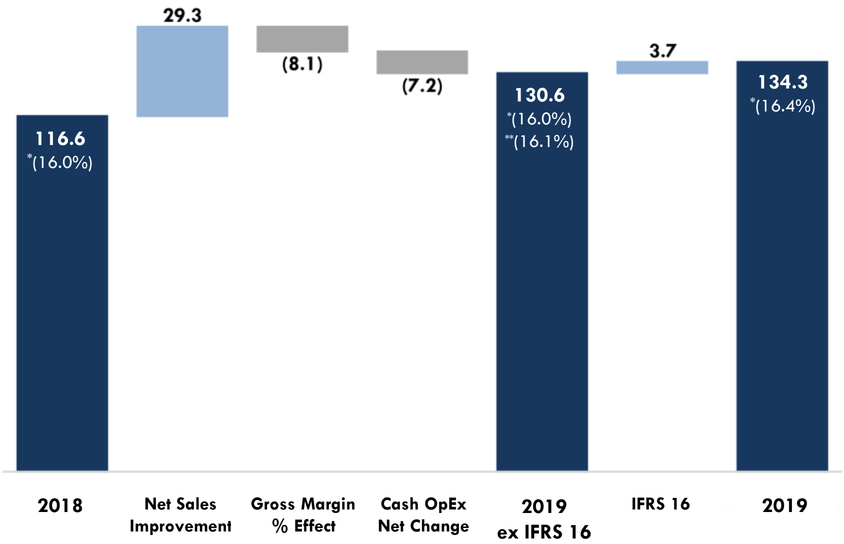
~ +20% YoY

Revenues

~ +53% YoY

EBITDA Evolution

EBITDA evolution (€m)



Highlights

Top line growth coupled with the ability to rein in Operating Expenses increase drove another **EBITDA*** uplift to ~131 €m with margin on sales*** @ 16.0% (16.1% @constant forex), the best performance to date**

Gross Margin up by ~ 22€m, driven by Net Sales increase more than offsetting dilutive mix effect

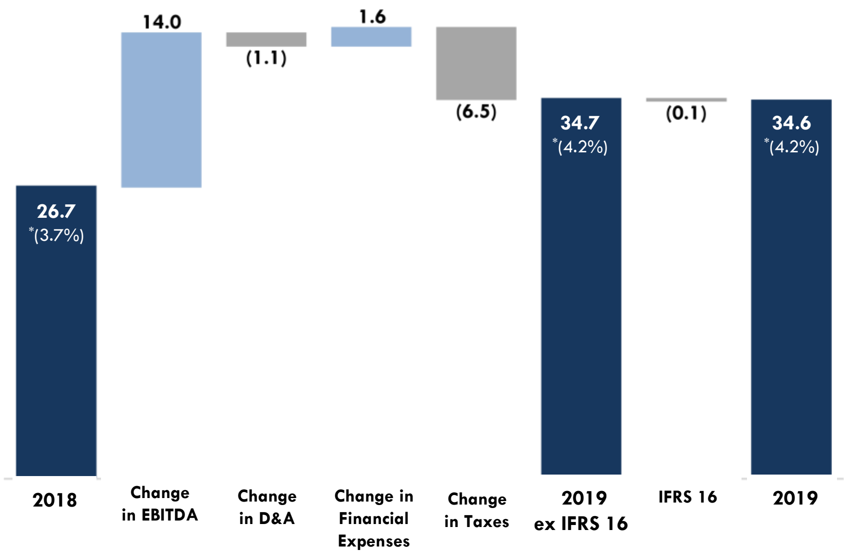
Cash OpEx step up driven by new initiatives to support business growth

* % On Net Sales ** Excluding FX Effect *** ex IFRS16

PIAGGIO GROUP

Net Income Evolution

Net Income evolution (€m)



* % On Net Sales

Highlights

Net Result surged 30% vs. PY, piling on top of last four years of solid growth, with significant uplift in the **ratio on Net Sales (+0.5 p.p.)** topping 4.2%

Financial expenses down, in line with full year guidance, primarily driven by lower cost of funding and lower level of average debt

Tax rate kept @ 45%, in line with full year guidance, excluding patent box benefit

To sum up

P&L (€m) – ex IFRS 16

	H1 '18	H1 '19	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
Net Sales	**729.6**	**817.0**	**87.4**	**12.0%**	**~ +10.7%**
Gross Margin	**228.3**	**250.0**	**21.7**	**9.5%**	**~ +8.8%**
% on Net Sales	*31.3%*	*30.6%*	*-0.7%*		
EBITDA	**116.6**	**130.6**	**14.0**	**12.0%**	**~ +11.8%**
% on Net Sales	*16.0%*	*16.0%*	*0.0%*		
Depreciation	(54.7)	(55.8)	-1.1	1.9%	
EBIT	**61.9**	**74.8**	**12.9**	**20.9%**	
% on Net Sales	*8.5%*	*9.2%*	*0.7%*		
Financial Expenses	(13.4)	(11.8)	1.6	-12.0%	
Income before tax	**48.5**	**63.0**	**14.5**	**29.9%**	
Tax	(21.8)	(28.4)	-6.5	29.9%	
Net Income	**26.7**	**34.7**	**8.0**	**29.9%**	
% on Net Sales	*3.7%*	*4.2%*	*0.6%*		

NFP (€m) – ex IFRS 16

	30.06.2018	30.06.2019	Change
NFP	**(431.4)**	**(398.0)**	**+33.4**

Cash Flow (€m) – ex IFRS 16

	H1 '18	H1 '19	Change
Cash Flow	**15.3**	**31.2**	**+15.9**

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

To sum up

P&L (€m)

	H1 '18	H1 '19	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
Net Sales	**729.6**	**817.0**	**87.4**	**12.0%**	**~ +10.7%**
Gross Margin	**228.3**	**250.0**	**21.7**	**9.5%**	**~ +8.8%**
% on Net Sales	*31.3%*	*30.6%*	*-0.7%*		
EBITDA	**116.6**	**134.3**	**17.7**	**15.2%**	**~ +15.0%**
% on Net Sales	*16.0%*	*16.4%*	*0.5%*		
Depreciation	(54.7)	(59.2)	-4.5	8.2%	
EBIT	**61.9**	**75.1**	**13.2**	**21.3%**	
% on Net Sales	*8.5%*	*9.2%*	*0.7%*		
Financial Expenses	(13.4)	(12.2)	1.1	-8.6%	
Income before tax	**48.5**	**62.8**	**14.3**	**29.5%**	
Tax	(21.8)	(28.3)	-6.4	29.5%	
Net Income	**26.7**	**34.6**	**7.9**	**29.6%**	
% on Net Sales	*3.7%*	*4.2%*	*0.6%*		

NFP (€m)

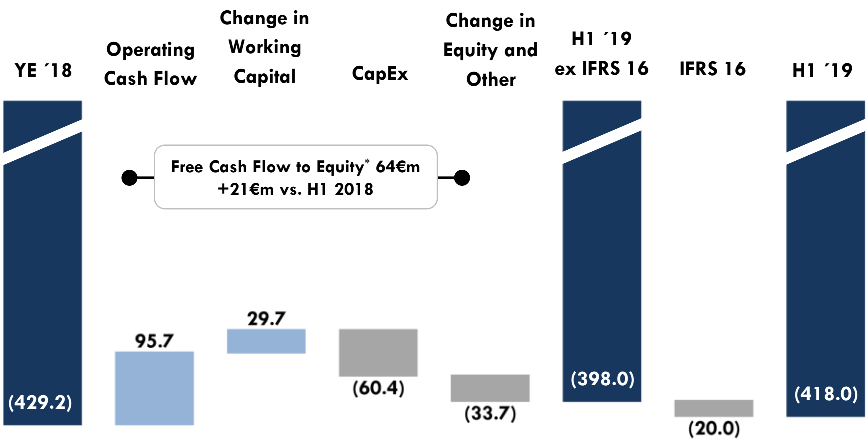
	30.06.2018	30.06.2019	Change
NFP	**(431.4)**	**(418.0)**	**+13.3**

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

PIAGGIO GROUP

Net Financial Position

2019 Net Financial Position evolution (€m)



2018 Net Financial Position evolution (€m)

NFP YE '17					NFP H1 '18
(446.7)	83.4	4.4	(47.8)	(24.6)	(431.4)

* Obtained as the difference: Change in Net Debt minus Dividend and Buyback

Highlights

Significant Free Cash Flow to Equity* improvement vs. H1 '18 of ~ 21€m, consistent with our commitment to reduce debt whilst returning value to shareholders. Leverage further reduced to 1.8x vs. 2.2x in H1 '18

Outstanding Working Capital cash generation, the best in H1 to date, driven by strong containment of inventories and heightened efficiencies on payables, while keeping factoring on receivables in line with PY

CapEx up by ~13€m, consistent with FY target in the range 125-130 €m, reflecting heightened focus on new product launches

Investor Relations Office

E: investorrelations@piaggio.com
T: +39 0587 272286
W: www.piaggiogroup.com
: @PiaggioInvestor

Raffaele Lupotto
Head of Investor Relations
E: r.lupotto@piaggio.com
T: +39 0587 272596