



# Piaggio Group

Full Year 2019 Financial Results

Conference Call | February 26<sup>th</sup> 2020

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# Foreword – IFRS 16

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

# Highlights (1/3)

Outstanding cash generation with all key operating metrics at peak levels meeting upgraded targets...

## NET SALES €m



Swiftest growth rate since 2007

## EPS €



Highest since 2008

## FREE CASH FLOW €m

**+73**  
**All - Time High**

## EBITDA €m (Margin %)



Best absolute and % performance since IPO

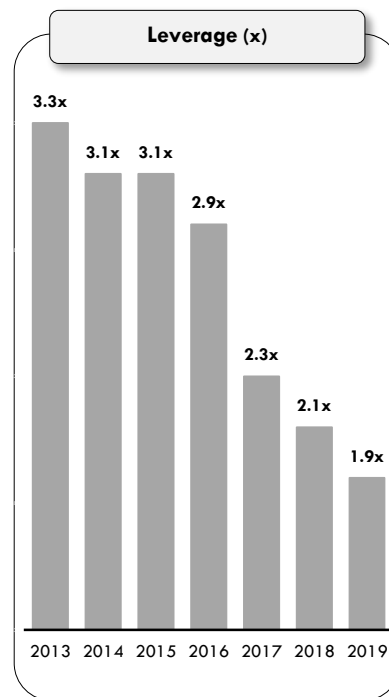
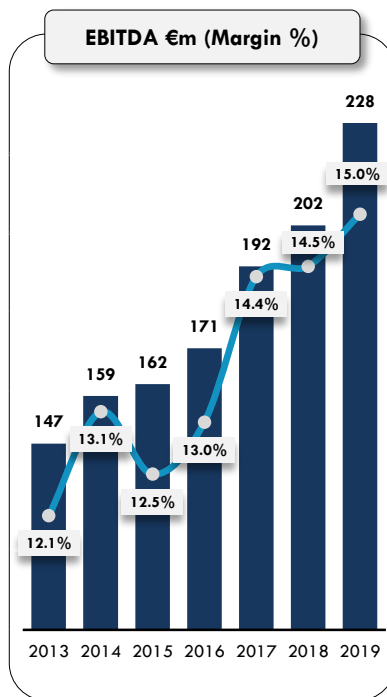
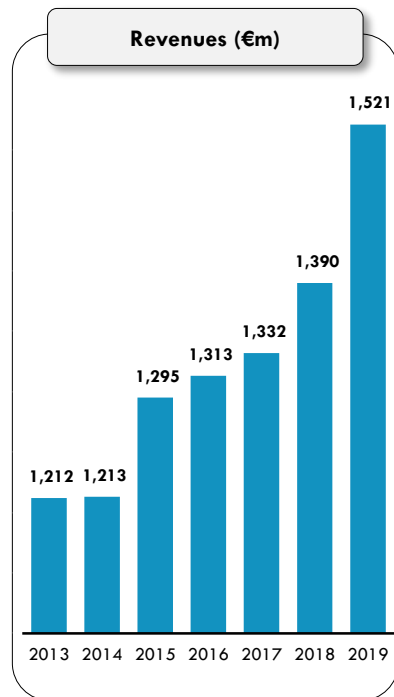
## LEVERAGE (x)



Leverage back at 2008 level

# Highlights (2/3)

## ... adding another step in the profitable growth of the Group



# Highlights (3/3)

## Ongoing outstanding results from key brands



Revenues

**Highest since  
IPO**

YoY  
~ **+7%**



Revenues

**Highest since  
2012**

YoY  
~ **+16%**



Revenues

**Highest since  
IPO**

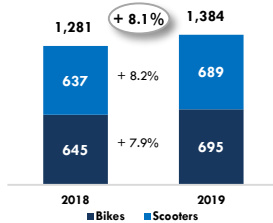
YoY  
~ **+75%**

# Key markets demand

## Highlights

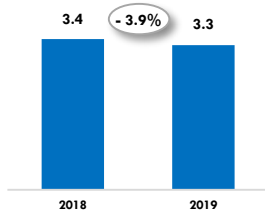
### EMEA

2-Wheelers (k units)



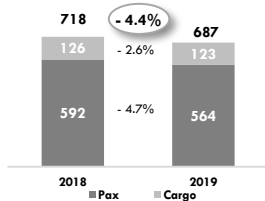
### VIETNAM

2-Wheelers (m units)



### INDIA\*

Commercial Vehicles (k units)



### EMEA & Americas

2 Wheelers demand posted diverging dynamics:

- European 2 Wheelers, despite the backdrop of economic uncertainty, posted healthy demand trend across all product segments and all countries, suggesting that the replacement cycle is well underway
- North America subdued demand persisted, namely with US Scooter declining for the seventh consecutive year

### Asia Pacific

Asia Pacific posted mixes and overall weakening demand trends:

- The Philippines and Malaysia posted sound growth, whilst Indonesia ended just slightly up versus prior year as demand took a downward turn in H2
- Vietnam and Thailand ended down low single digit as demand weakness persisted across the year

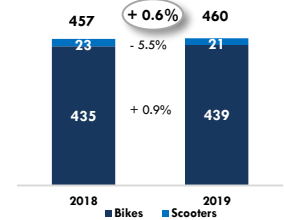
### India

Demand negatively affected by multiple external shocks and sharp dealers' inventory correction ahead of BS VI introduction:

- 3 Wheelers showed resilience edging slightly off prior year, mainly reflecting the reversal of 2018 boost, whilst ending with the second highest total demand to date
- 2 Wheelers ended down double-digits, after 15 years of relentless upward trend, as price hikes linked to new regulations coupled with higher insurance costs took their toll

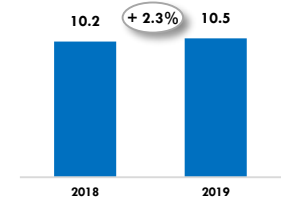
### USA

2-Wheelers (k units)



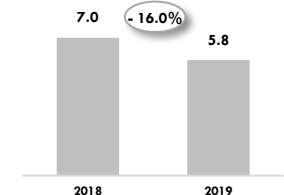
### ASEAN 5 ex. VIETNAM

2-Wheelers (m units)



### INDIA\*

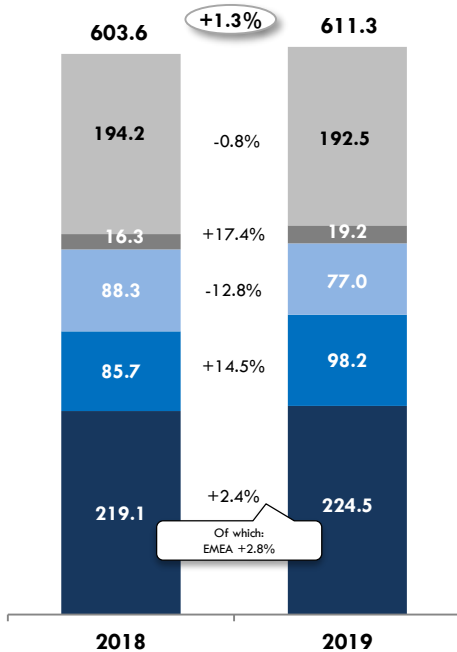
Scooters (m units)



\* SIAM sell-in data

# Evolution by business

Volume evolution by business (k units)



Highlights

Net Sales grew at the fastest yearly rate to date, with positive contribution of all regions boosted by widespread significant positive price/mix effect

### CV India

Resilient performance, against demand weakness, backed by share gain both in domestic and export markets coupled with sound pricing

### CV EMEA & Americas

Remarkable results driven by ongoing synchronized growth in European and export markets

### 2W India

Market share gain, with highest sell-out to date, coupled with positive price effect unable to offset demand downward trend

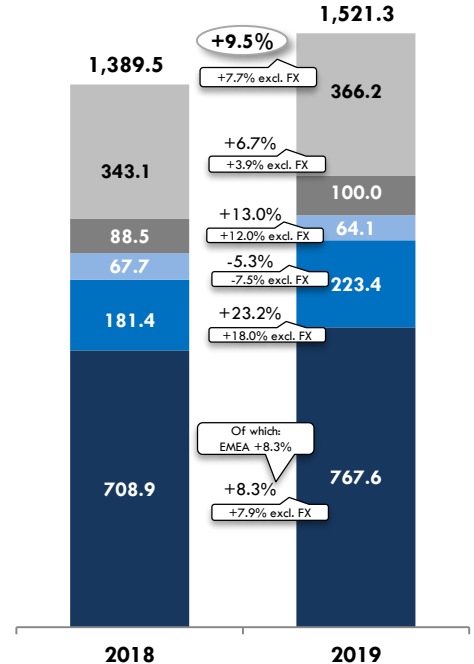
### 2W Asia Pacific

Outstanding performance, against sequentially softer demand, driven by Indonesia, Thailand and China and ongoing widespread product offering premiumization. Vietnamese revenues on the rise, despite heightened competitive intensity and market decline

### 2W EMEA & Americas

Healthy performance across the year of major European countries all ending with volumes and revenues on the rise, against dealers' stock containment. USA resilient despite market weakness

Net Sales evolution by business (€m)



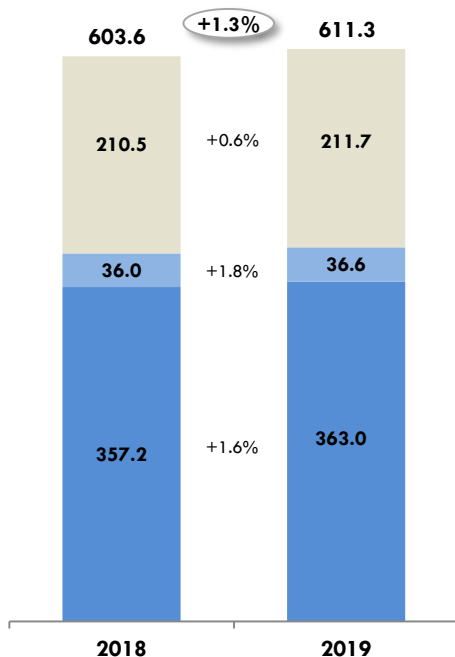
2 Wheelers: ■ EMEA & Americas ■ Asia Pacific ■ India

Commercial Vehicles: ■ EMEA & Americas ■ India



# Evolution by product

Volume evolution by product (k units)



## Highlights

Revenues on the rise across all segments. Top brands drove Two Wheelers growth

### Commercial Vehicles

Sound performance with synchronized revenue growth in domestic and export markets

### Bikes

Outstanding revenue growth across the year powered by market share gain coupled with the ongoing mix shift towards high value segments. Moto Guzzi was the outright bright star with volumes and revenues skyrocketing fueled by the V85TT

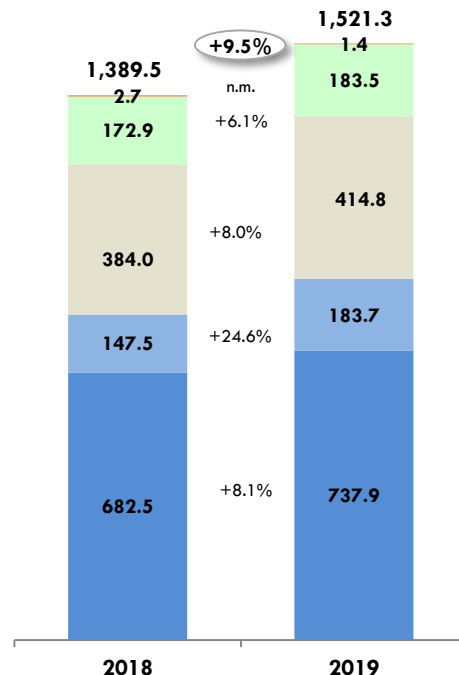
### Scooters

Healthy performance, despite Indian downward trend, boosted by strong brand reputation enabling premium prices.

Top products kept shining:

- Vespa posted strong results, with revenues reaching an all-time high benefiting from significant price/mix uplift
- MP3 volume and revenue grew double-digits, with positive performance spread across all European countries, mainly behind the successful launch of the new 300cc version

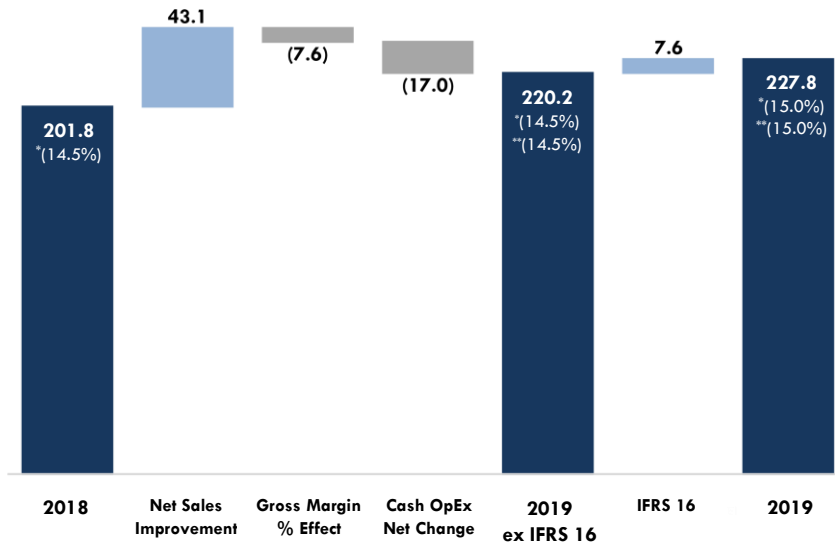
Net Sales evolution by product (€m)



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

# EBITDA Evolution

## EBITDA evolution (€m)



## Highlights

Top line growth coupled with the ability to rein in Operating Expenses inflation drove another **EBITDA uplift**, on top of challenging comparison base, to **~228 €m with margin on sales @ 15.0%**, the **best absolute and % performance to date**

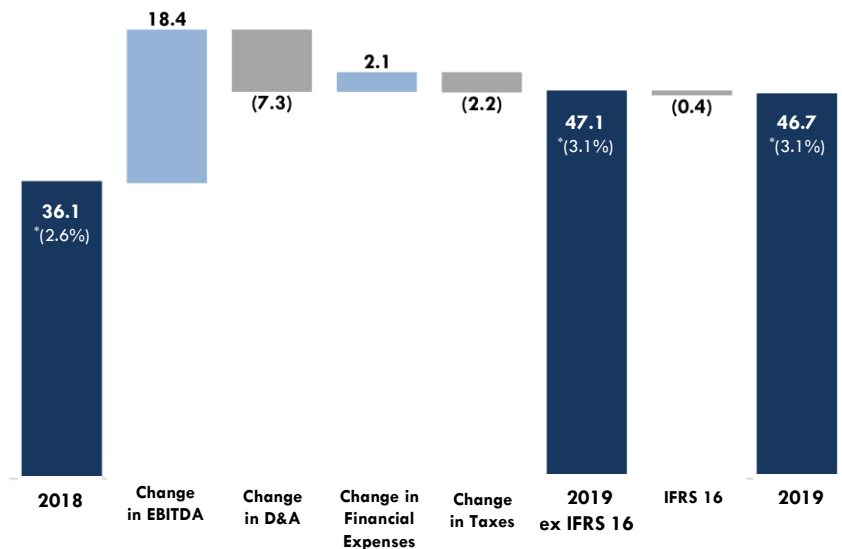
**Gross Margin rose ~ 35€m**, driven by Net Sales increase largely offsetting the slight dilutive mix effect

**Cash OpEx grew**, although with a lower weight on sales vs. prior year, **to support business growth**

\* % On Net Sales \*\* Excluding FX Effect

# Net Income Evolution

## Net Income evolution (€m)



\* % On Net Sales

## Highlights

**Net Result rose 30% vs. PY**, lifting the ratio on Net Sales(+ 0.5 p.p.) at 3.1%, and **EPS at 0.13€**, the best performance since 2008

**D&A rose**, driven by increased level of CapEx and step up in write-down of assets of ~2€m

**Financial expenses further down**, primarily driven by lower cost of funding and lower level of average debt

**Tax rate @ 42%**, down ~ 5 p.p. vs. prior year, with Indian corporate income tax reduction and Patent Box benefits, partially offset by the accrual on expected Indian DDT

# To sum up

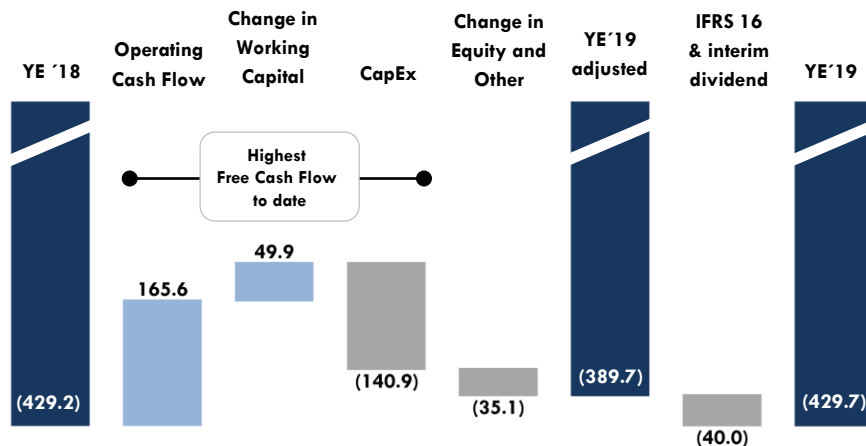
## P&L (€m)

	2018	2019	Change 2019 vs. 2018		
			Absolute	%	% excl. FX*
<b>Net Sales</b>	<b>1,389.5</b>	<b>1,521.3</b>	<b>131.8</b>	<b>9.5%</b>	<b>~ +7.7%</b>
<b>Gross Margin</b>	<b>423.6</b>	<b>458.8</b>	<b>35.3</b>	<b>8.3%</b>	<b>~ +7.0%</b>
% on Net Sales	30.5%	30.2%	-0.3%		
<b>EBITDA</b>	<b>201.8</b>	<b>227.8</b>	<b>26.1</b>	<b>12.9%</b>	<b>~ +11.6%</b>
% on Net Sales	14.5%	15.0%	0.5%		
Depreciation	(109.0)	(123.3)	-14.3	13.1%	
<b>EBIT</b>	<b>92.8</b>	<b>104.5</b>	<b>11.8</b>	<b>12.7%</b>	
% on Net Sales	6.7%	6.9%	0.2%		
Financial Expenses	(24.9)	(23.9)	1.1	-4.3%	
<b>Income before tax</b>	<b>67.8</b>	<b>80.7</b>	<b>12.8</b>	<b>18.9%</b>	
Tax	(31.8)	(33.9)	-2.2	6.8%	
<b>Net Income</b>	<b>36.1</b>	<b>46.7</b>	<b>10.7</b>	<b>29.6%</b>	
% on Net Sales	2.6%	3.1%	0.5%		

\* 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

## 2019 Net Financial Position evolution (€m)



## Highlights

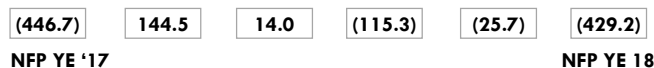
**All-time high Free Cash Flow generation, enabling Net Debt reduction\*** whilst returning value to shareholders through dividends and buybacks.

Financial profile further strengthened with **leverage reduced to 1.9x vs. 2.1x**

**Strongest Working Capital cash generation to date**, driven by strong lower inventories and receivables coupled with heightened efficiencies on payables

**CapEx step up (~26€m)** driven by heightened focus on new product launches and new engine development to fulfill new standards in India and Europe.

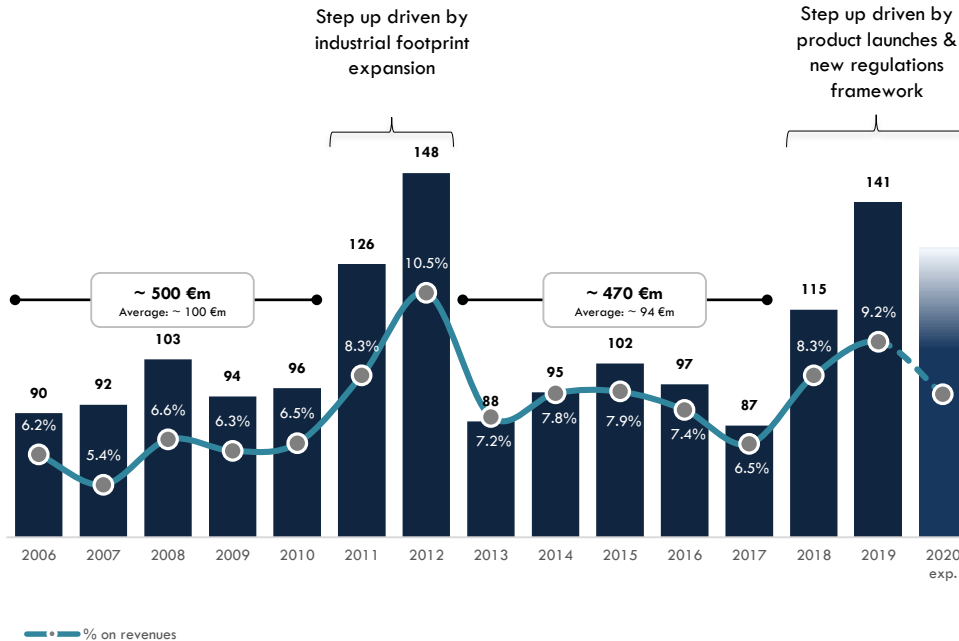
## 2018 Net Financial Position evolution (€m)



\* ex IFRS 16

# CapEx evolution

## CapEx evolution (€m)



## Highlights

Recent years CapEx sustained investment effort driven by:

- heightened focus on new product launches
- compliance with several regulatory changes (e.g. BS VI and Euro 5 engines)
- development of a new range of 4 Wheelers LCV

Maintenance\* CapEx limited at around 20% of total spending

\* Obtained as: total expenditure minus CapEx on new products & engines

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