



**PIAGGIO  
GROUP**

**Piaggio Group**  
**Q1 2015 Financial Results**

Conference Call | May 8th 2015

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# Highlights (1/2)

## Q1 2015 results

### Market demand

#### **Weak start of the year in most of Piaggio's key reference markets**

- Europe 2 Wheels ended up flat, on tough comparison base, as a result of diverging dynamics, with Scooters down by 6% and Bikes posting the sixth straight quarter of positive trend up by 6%
- Asia Pacific with mixed but overall soft demand trend, with Indonesia down double digit and Vietnam stuck at PY level
- Indian 3 Wheel demand flat, while 4 Wheels kept slumping double-digits; 2 Wheels strong momentum continued

### Business Highlights

#### **Western Countries: another quarter of resilient performance despite protracted scooter market weakness**

- Piaggio confirmed undisputed leadership in the European Scooter market
- MP3 posted double digit volume and revenue growth, providing further proof of the strong product appeal
- Guzzi volumes grew double digits, fostered by the recent successful launch of the new V7
- Spare Parts and Accessories on the rise, highlighting a significant lever of forthcoming profitable growth
- Expansion of mid-sized bikes in LatAm proceeded apace, whilst market weakness affected sales in North America
- Vehicles' average price on the rise, sustained by positive mix and firm price policy

*As a result, Western Countries revenues slightly up vs. PY with UK, Italy, Spain and Germany best performers posting healthy growth; France on the negative side, affected by the worst 2 Wheeler market trend in Europe*

#### **Asia Pacific: performance mainly sustained by mix improvement in a soft market scenario**

- Vietnam on the rise both in volumes and revenues for the third consecutive quarter
- Asia Pacific ex Vietnam with mixed dynamics leading to a slight volume decrease, whilst revenues held up well boosted by mix improvement and positive FX
- Favorable momentum for premium segment penetration confirmed, with Vespa volumes up double digits across the region
- Average regional prices on the rise also excluding significant FX effect

*As a result, revenues up double-digits (nearly flat excluding FX) sustained by strong performance in Vietnam, Malaysia and China*

# Highlights (2/2)

## Q1 2015 results

### Business Highlights

#### **India: performance mainly affected by model switch in an subdued market environment**

- 3/4 Wheels market share above PY
- Passenger volumes took a downward turn, mainly reflecting the one-off effect linked to introduction of the New Ape Xtra Dlx model, while Cargo segment sales kept growing outstripping negative market trend
- Vespa sales substantially flat
- Average prices on the rise also excluding FX, reflecting rigorous pricing discipline

*As a result, revenues up by 20% vs. PY (nearly flat excluding FX)*

### Financial Highlights

#### **Net Sales up by ~9% (+0.3% at constant FX)**

**Significant EBITDA upward shift (+ ~12%), with a ratio on net sales of 12 p.p., the best 1<sup>st</sup> quarter performance to date, leading Net Profit above PY level**

- **Gross Margin on the rise** (+ ~ 5 €m), even if with a lower ration on Net Sales vs. PY (29.2% vs. 30.1%) reflecting the negative FX impact on Cost of Good sold
- **Cash OpEx slightly higher vs. PY** mainly due to FX effect, confirming the ability to manage efficiently the cost structure, while total Opex increased behind a step up in D&A
- **Lower financial expenses**, benefitting from 2014 initiatives to strengthen debt structure and lower the cost of debt
- **Capital Expenditure accelerated to 21 €m (+ 5€m vs. PY) to sustain the deep pipeline of 2015 product launches**
- **Net Debt increased**, mainly reflecting seasonal working capital cash absorption

## Key operating metrics on the rise with highest 1st quarter EBITDA ratio and Net Profit above PY level

### Net Debt affected by seasonal cash absorption

#### P&L (€m)

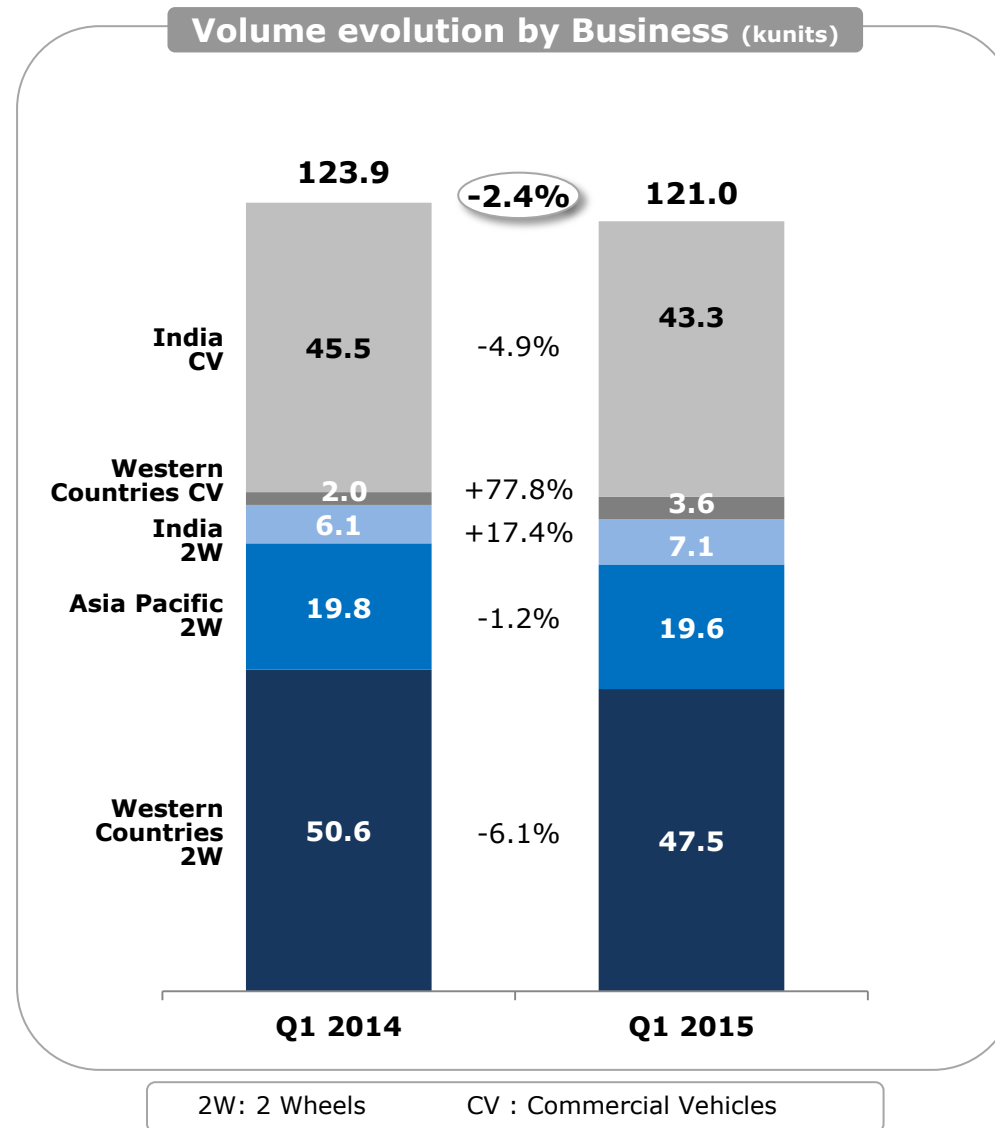
	Q1 2014	Q1 2015	Change 2015 vs. 2014		
			Absolute	%	% excl. FX (*)
<b>Net Sales</b>	<b>276.8</b>	<b>302.0</b>	<b>25.2</b>	<b>+9.1%</b>	<b>~ +0.3%</b>
<b>Gross Margin</b>	<b>83.2</b>	<b>88.1</b>	<b>4.9</b>	<b>+5.9%</b>	<b>~ +0.6%</b>
<i>% on Net Sales</i>	30.1%	29.2%	-0.9%		
<b>EBITDA</b>	<b>32.5</b>	<b>36.3</b>	<b>3.9</b>	<b>+11.9%</b>	<b>~ +4.0%</b>
<i>% on Net Sales</i>	11.7%	12.0%	0.3%		
Depreciation	(20.7)	(25.5)	(4.8)	+22.9%	
<b>EBIT</b>	<b>11.7</b>	<b>10.8</b>	<b>(0.9)</b>	<b>-7.7%</b>	
<i>% on Net Sales</i>	4.2%	3.6%	-0.7%		
Financial Expenses	(9.9)	(8.9)	1.1	-10.6%	
<b>Income before tax</b>	<b>1.8</b>	<b>2.0</b>	<b>0.2</b>	<b>+8.7%</b>	
Tax	(0.7)	(0.8)	(0.1)	+8.6%	
<b>Net Income</b>	<b>1.1</b>	<b>1.2</b>	<b>0.1</b>	<b>+8.7%</b>	
<i>% on Net Sales</i>	0.4%	0.4%	0.0%		

#### NFP (€m)

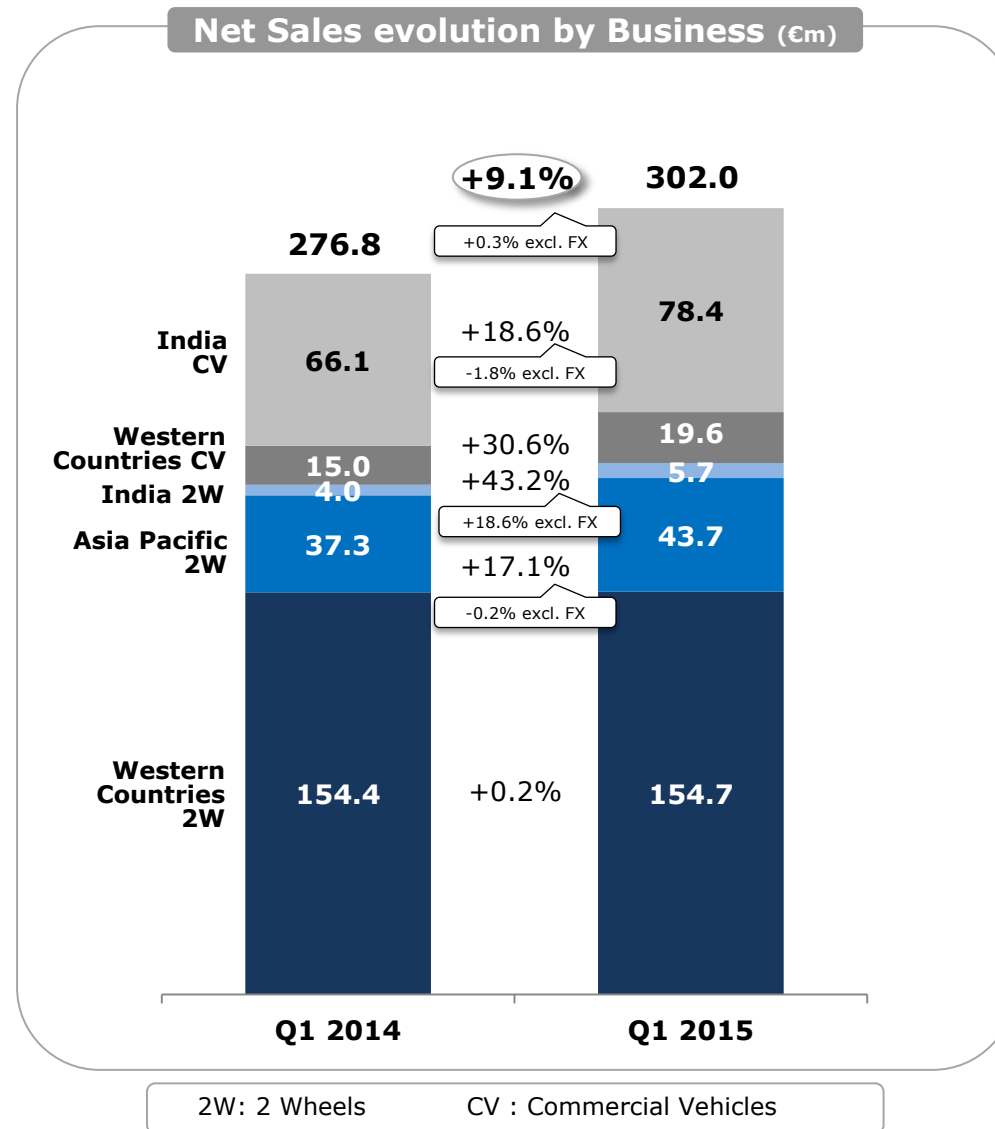
	31.12.2014	31.03.2015	Change
<b>Net Financial Position</b>	<b>(492.8)</b>	<b>(568.4)</b>	<b>(75.6)</b>

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

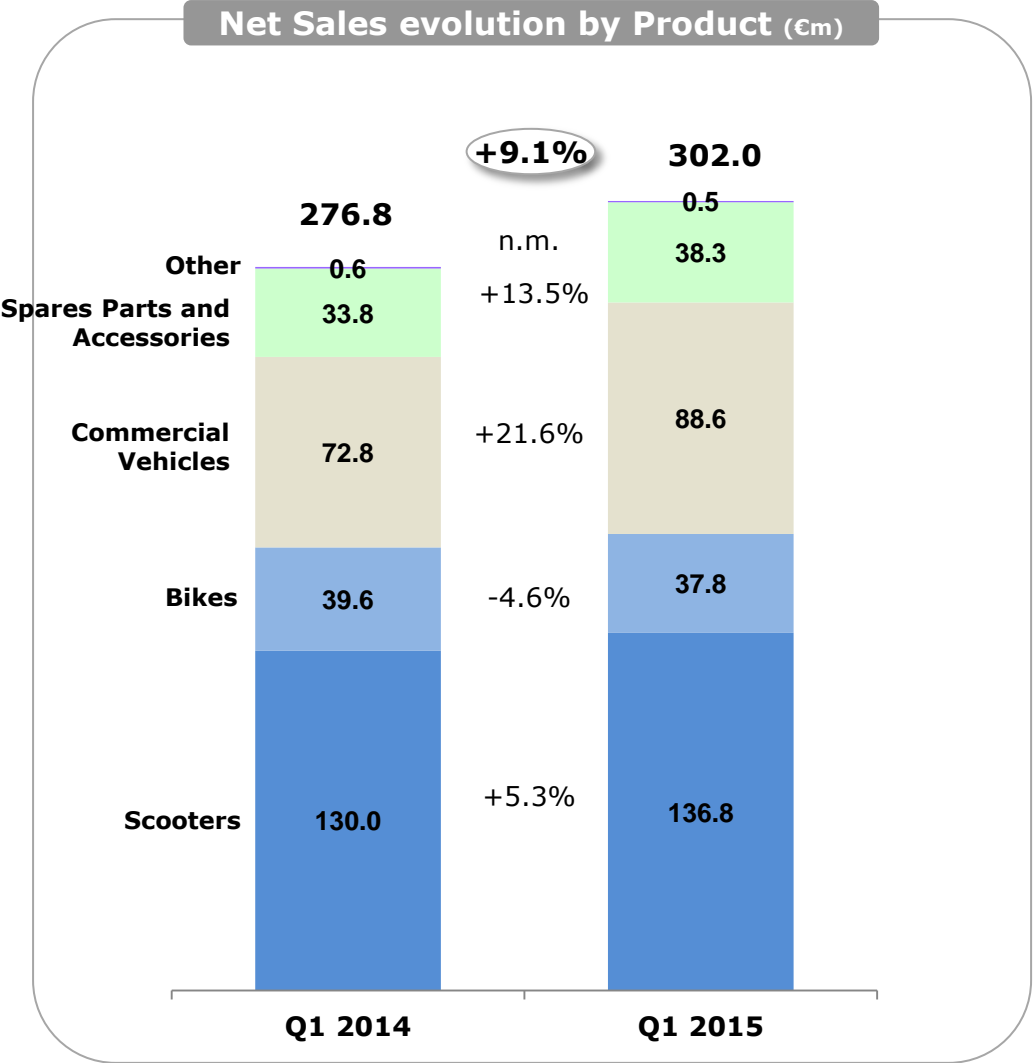
## Volume slightly down, mainly reflecting weak demand in key reference markets ...



## ... but Net Sales on the rise across the board boosted by positive price/mix effect and FX tailwind in Emerging Markets

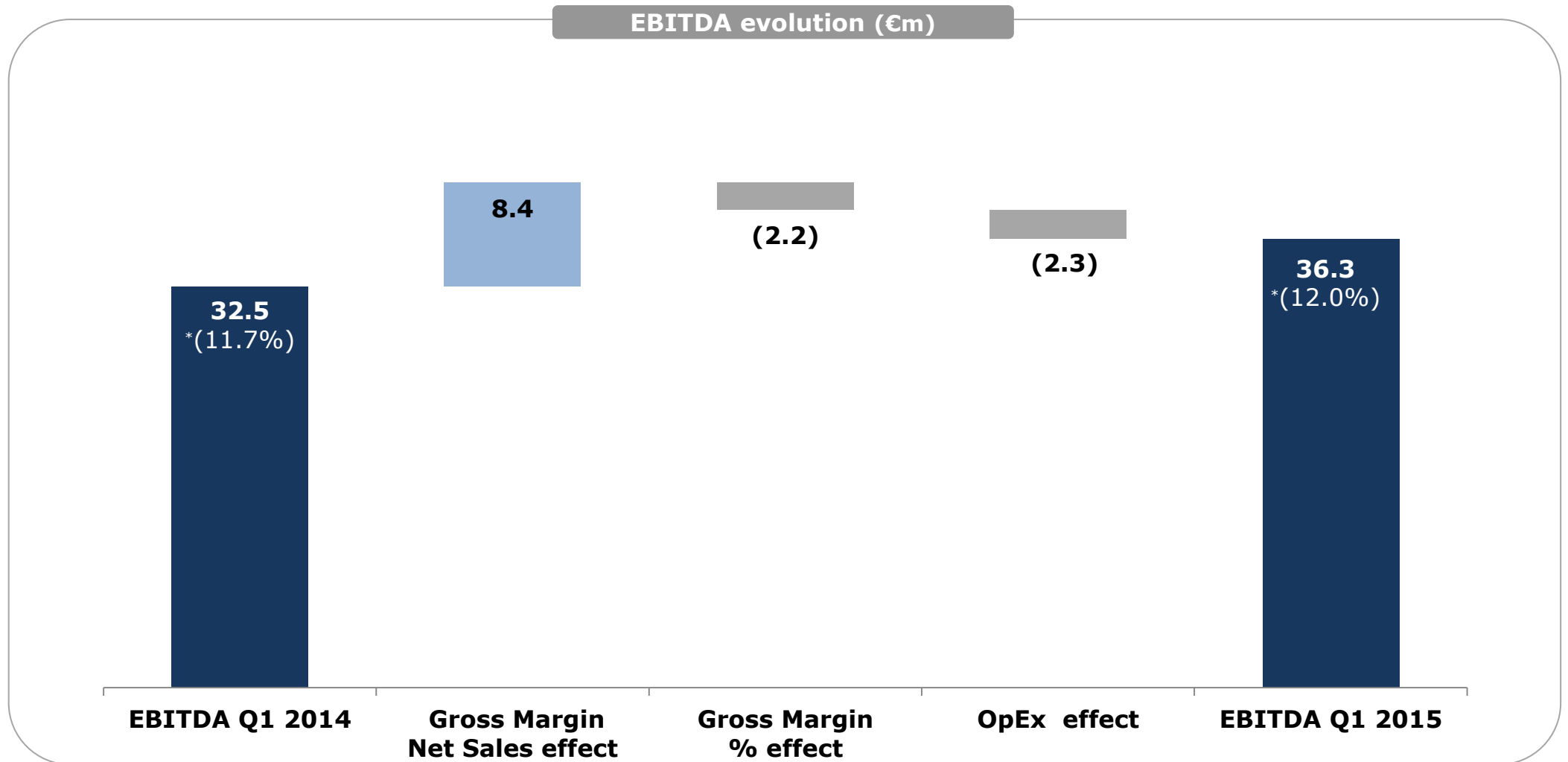


**Negative volume effect in Scooters more than offset by strong price effect sustained by the ongoing shift towards high-end segments**  
**Slow start in Bikes should revert during the year behind several product launches**  
**Strong performance of Spare Parts and Accessories**



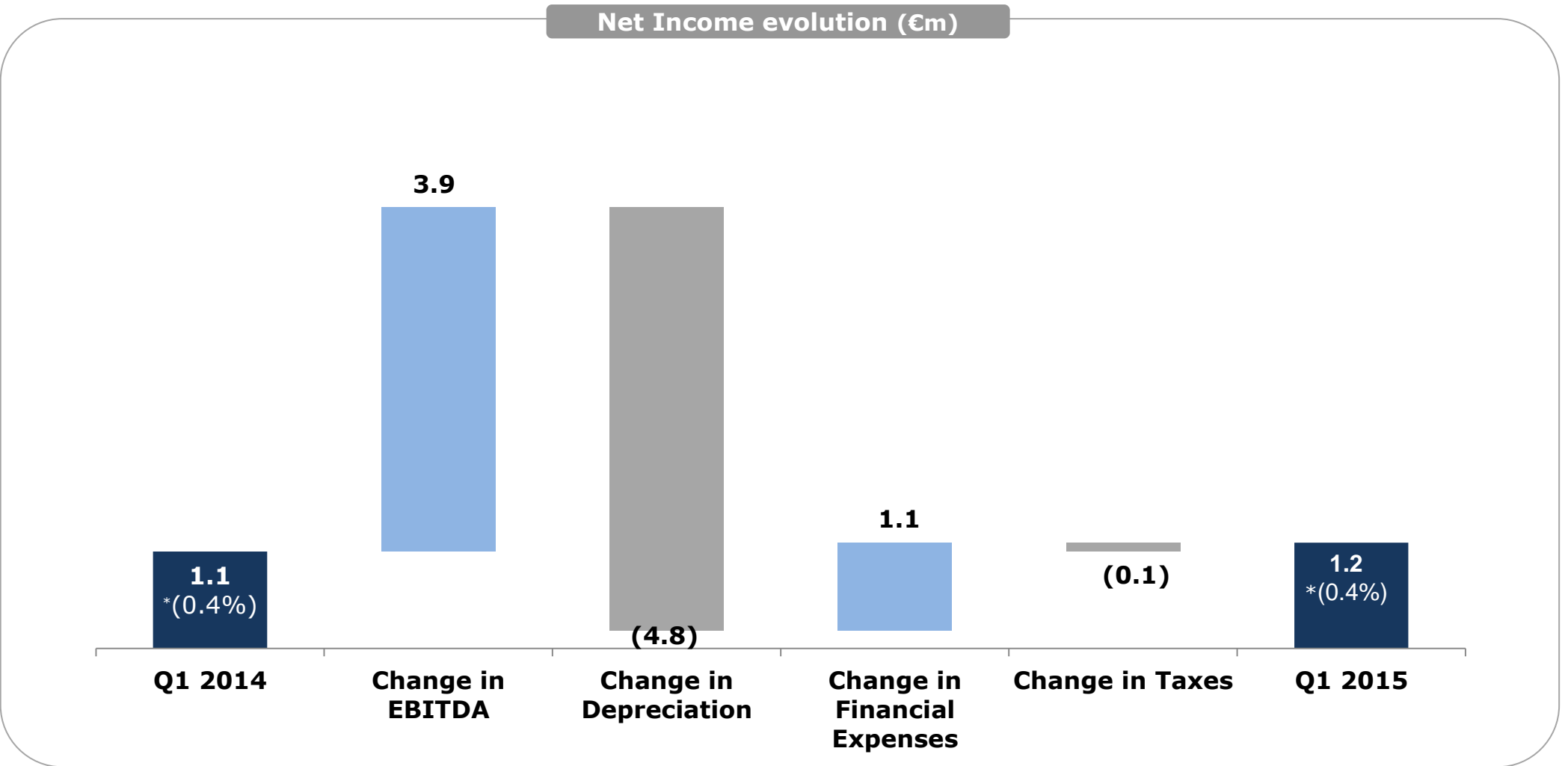


## Net Sales growth and OpEx containment drove significant EBITDA uplift, topping 12 p.p. on Net Sales, ...



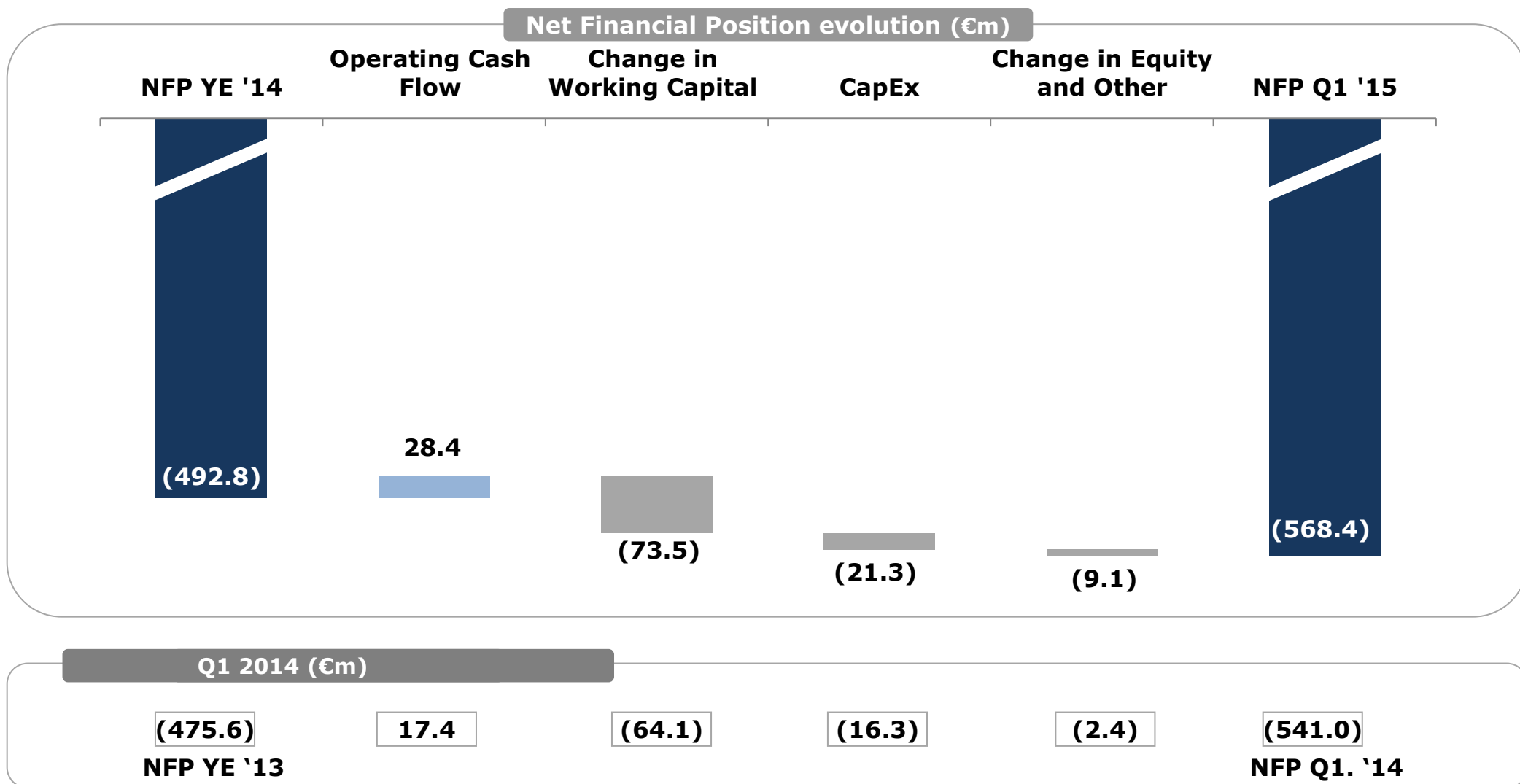
\* % on Net Sales

**...and led Net Result slightly above prior year, notwithstanding significantly higher D&A**



\* % on Net Sales

## Seasonal Working Capital cash absorption and higher CapEx led to Net Debt increase notwithstanding healthy Operating Cash Flow generation (1/2)



## Seasonal Working Capital cash absorption and higher CapEx led to Net Debt increase notwithstanding healthy Operating Cash Flow generation (2/2)

### Balance Sheet evolution (€m)

	2013	Q1 2014	Chg. '14 vs YE '13	2014	Q1 2015	Chg. '15 vs YE '14
Trade Receivable (*)	74.4	118.1	43.7	71.6	115.5	43.9
Inventories	207.8	230.7	22.9	232.4	267.8	35.4
Commercial Payable	(344.8)	(359.2)	-14.3	(383.6)	(404.8)	-21.1
Other assets/liabilities	32.3	44.1	11.8	63.6	79.0	15.4
<b>Working Capital</b>	<b>(30.4)</b>	<b>33.7</b>	<b>64.1</b>	<b>(16.1)</b>	<b>57.5</b>	<b>73.5</b>
Tangible Fixed Assets	310.1	307.3	-2.8	319.5	328.8	9.3
Intangible Fixed Assets	654.5	655.7	1.2	668.4	674.1	5.7
Financial Investments	9.9	9.6	-0.2	10.0	9.1	-0.9
Provisions	(76.4)	(72.0)	4.4	(76.0)	(77.7)	-1.7
<b>Net Invested Capital</b>	<b>867.7</b>	<b>934.4</b>	<b>66.6</b>	<b>905.9</b>	<b>991.8</b>	<b>85.9</b>
<b>Net Debt</b>	<b>475.6</b>	<b>541.0</b>	<b>65.3</b>	<b>492.8</b>	<b>568.4</b>	<b>75.6</b>
<b>Equity</b>	<b>392.1</b>	<b>393.4</b>	<b>1.3</b>	<b>413.1</b>	<b>423.4</b>	<b>10.3</b>
<b>Total Sources</b>	<b>867.7</b>	<b>934.4</b>	<b>66.6</b>	<b>905.9</b>	<b>991.8</b>	<b>85.9</b>
<b>Net Debt/Equity</b>	<b>1.21</b>	<b>1.38</b>		<b>1.19</b>	<b>1.34</b>	

(\*) Net of advances from customers.

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