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Full Year 2013 Financial Results

Conference Call

Milan – March 20th 2014

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Highlights (1/2)
Full Year 2013 results

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Another year hit by poor economic scenario and weak market demand in all Piaggio's key reference areas

- Western Markets shrinking for the sixth consecutive year with a -12% vs. 2012; Italy and Spain down ~70% vs.'07
- Asia Pacific faltering, with Vietnam and Thailand down double digits
- Indian 2 Wheels slightly growing, sustained by Scooters up double digits
- Indian 3 Wheels declining after downward trend acceleration in H2; sub 1 ton 4 Wheels down by ~25%

Western Countries: strong competitive positioning, but market contraction hurts

- European Scooter market share in line with prior year, confirming Piaggio unparalleled leadership
- Vespa and Guzzi sales outstripping market trend, providing further proof of the strong brand and product appeal
- North America robust sales momentum continues, against market weakness
- Positive price effect sustained by positive product mix and firm price policy

As a result, European sales down double-digits reflecting the longest-ever market fall, with Italy and France worst performers, while in Spain and Holland the downward trend decelerated strongly in the latter part of the year; North America on a different path, with sales of 2 wheelers on the rise for the third consecutive year

Asia Pacific: subdued performance in an unsupportive market environment

- Poor performance driven by Vietnam suffering from market weakness and stronger competition, whilst volumes keep on growing double digits across the region, markedly in Indonesia, Thailand, Taiwan and Philippines
- Vespa continues to enjoy strong momentum, with sales up double-digits across the region
- Average regional prices growing, despite increased competitive intensity

As a result, Asia Pacific ex Vietnam up double digits for the 4th straight year fueled by growth in Indonesia, Thailand and Taiwan, but unable to counterbalance Vietnam subdued performance and FX negative effect

Highlights (2/2)
Full Year 2013 results

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India: good relative performance largely overridden by market contraction and forex negative effect

- Market share gain in domestic Commercial Vehicles accelerating in the latter part of the year
- Export up double digits vs. prior year unveiling untapped medium term potential
- Prices holding up well excluding negative forex, reflecting rigorous pricing discipline
- Vespa expands at a weaker pace than expected; we are stepping up efforts to revive sales

As a result, Commercial Vehicles India in line with PY at constant FX notwithstanding increased market weakness thanks to market share gain. Moderate positive contribution arising from Vespa sales

Despite decrease in Net Sales, improved product mix and significant cost efficiencies sustain EBITDA, EBIT and Net Income ratios

- Premium price positioning and product cost efficiencies lead to Gross Margin ratio in line with prior year (29.5% vs. 29.7% in 2012), against double digit drop in volumes
- Ongoing strong OpEx reduction (~ 26 €m vs. 2012), even after ~ 11 €m of restructuring costs (+4€m vs. 2012) to support European industrial footprint rationalization
- Higher financial expenses driven by higher debt level more than offsetting lower cost of funding
- Non recurring tax costs of 24.6 €m affect Net Result, leading to a Net Loss of 6.5 €m. Financial impact limited to 5.1 €m in 2014/2015 while 19.1 €m offset against DTA

CapEx at 88 €m (vs. 148€m prior year) in line with schedule and back to historical levels

Net Debt increase mainly reflecting lower cash flow generation and working capital cash absorption

Despite lower net sales, resilience of key operating financial ratios thanks to strong efficiency improvements; Net Debt increase mainly reflecting working capital absorption

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P&L (€m)

	2012	2013	Change 2013 vs. 2012		
			Absolute	%	% excl. FX
Net Sales	**1,406.2**	**1,212.5**	**(193.6)**	**-13.8%**	**-10.0%**
Gross Margin	**417.9**	**357.5**	**(60.4)**	**-14.5%**	**-10.5%**
% on Net Sales	*29.7%*	*29.5%*	*-0.2%*		
EBITDA	**176.2**	**146.8**	**(29.4)**	**-16.7%**	**-10.7%**
% on Net Sales	*12.5%*	*12.1%*	*-0.4%*		
Depreciation	(79.6)	(84.1)	(4.5)	+5.7%	
EBIT	**96.6**	**62.6**	**(33.9)**	**-35.1%**	**-26.6%**
% on Net Sales	*6.9%*	*5.2%*	*-1.7%*		
Financial Expenses	(28.7)	(32.4)	(3.7)	+12.7%	
Income before tax	**67.9**	**30.3**	**(37.6)**	**-55.4%**	
Tax, *adjusted* (*)	(25.8)	(12.2)	13.6	-52.7%	
Net Income, *adjusted* (*)	**42.1**	**18.1**	**(24.0)**	**-57.0%**	
% on Net Sales	*3.0%*	*1.5%*	*-1.5%*		
Non-recurring costs		(24.6)	n.a.	n.a.	
Net Income/(Loss)	**42.1**	**(6.5)**	**n.m.**	**n.m.**	

NFP (€m)

	2012	2013	Change 2013 vs. 2012	
			Absolute	%
Net Financial Position	**(391.8)**	**(475.6)**	**(83.8)**	**+21.4%**

(*) To provide a better comparison of information from different years, the Group has defined the item "*adjusted*", which excludes the impact of non-recurring events.

Volume decline reflecting market weakness across all key reference areas; comparison vs. 2012 further penalized by Poste Italiane contract

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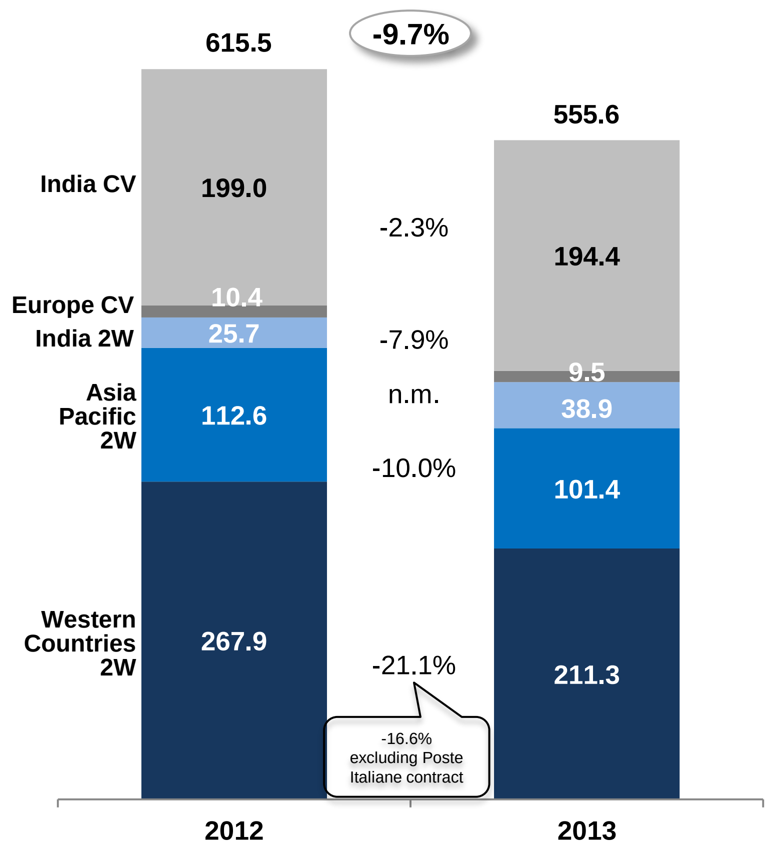
Volume evolution by Business (kunits)



2W: 2 Wheels CV : Commercial Vehicles

Net Sales decline driven by volume and forex negative effect, whilst average price holds up above PY across all areas

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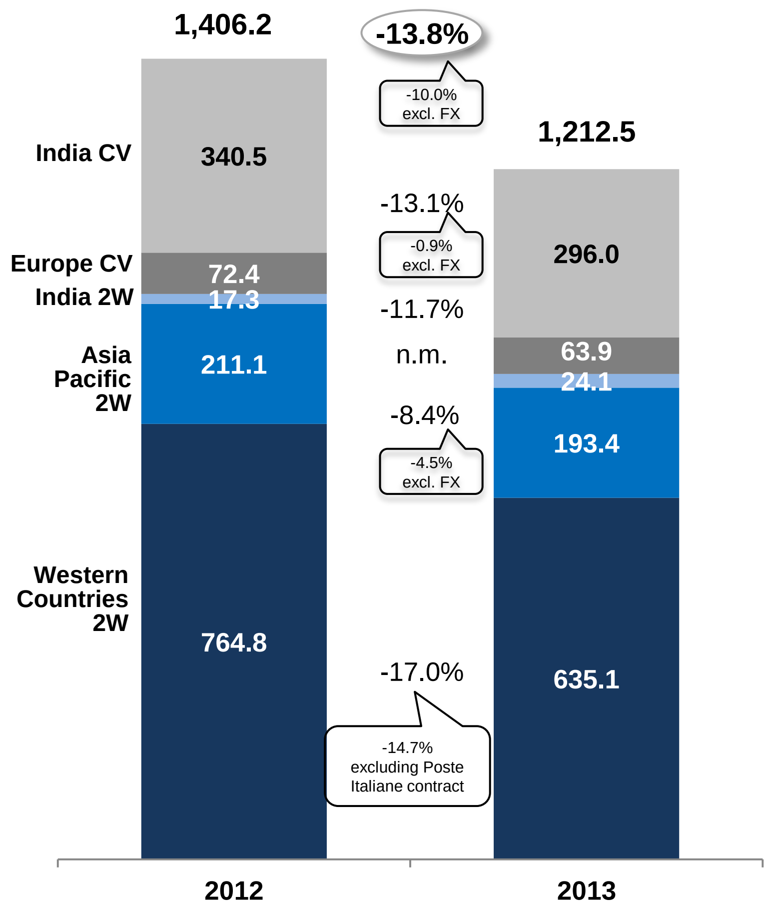
Net Sales evolution by Business (€m)



2W: 2 Wheels CV : Commercial Vehicles

Scooters mix shift to high-end segments mitigates volume negative effect; noteworthy Vespa shows robust growth in all geographies. Moto Guzzi growth sustain Bikes resilient performance

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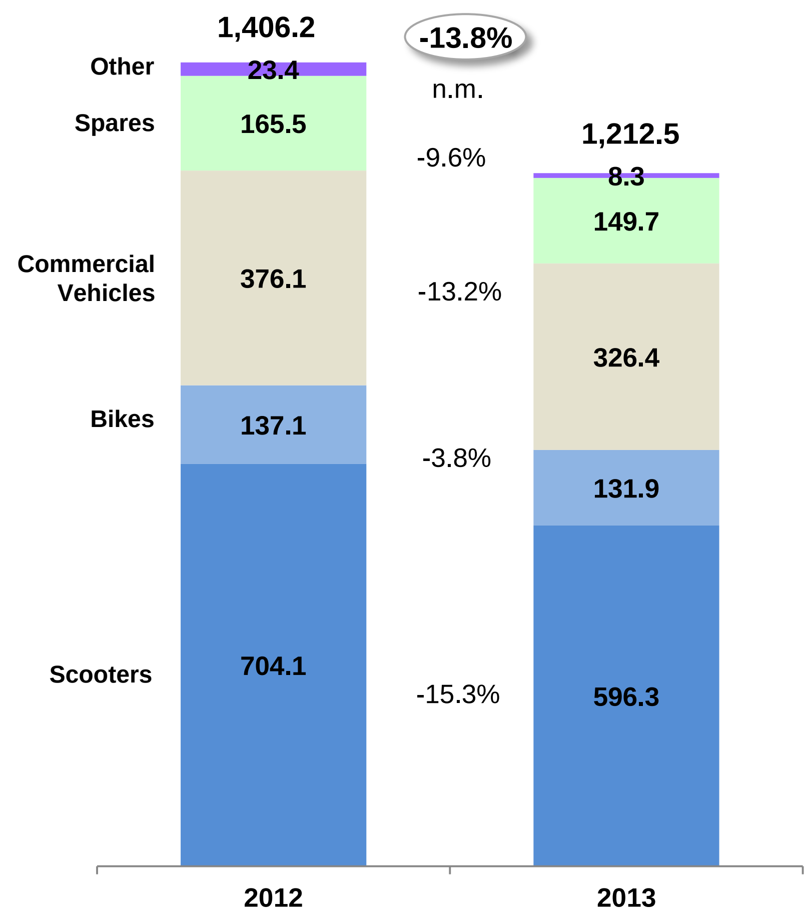
Net Sales evolution by Product (€m)



Ongoing upscale positioning drives progress in future-proofing our revenue

Efficiency gain and strong containment of fixed costs, even after strong restructuring plan, keep EBITDA margin broadly at PY level and …

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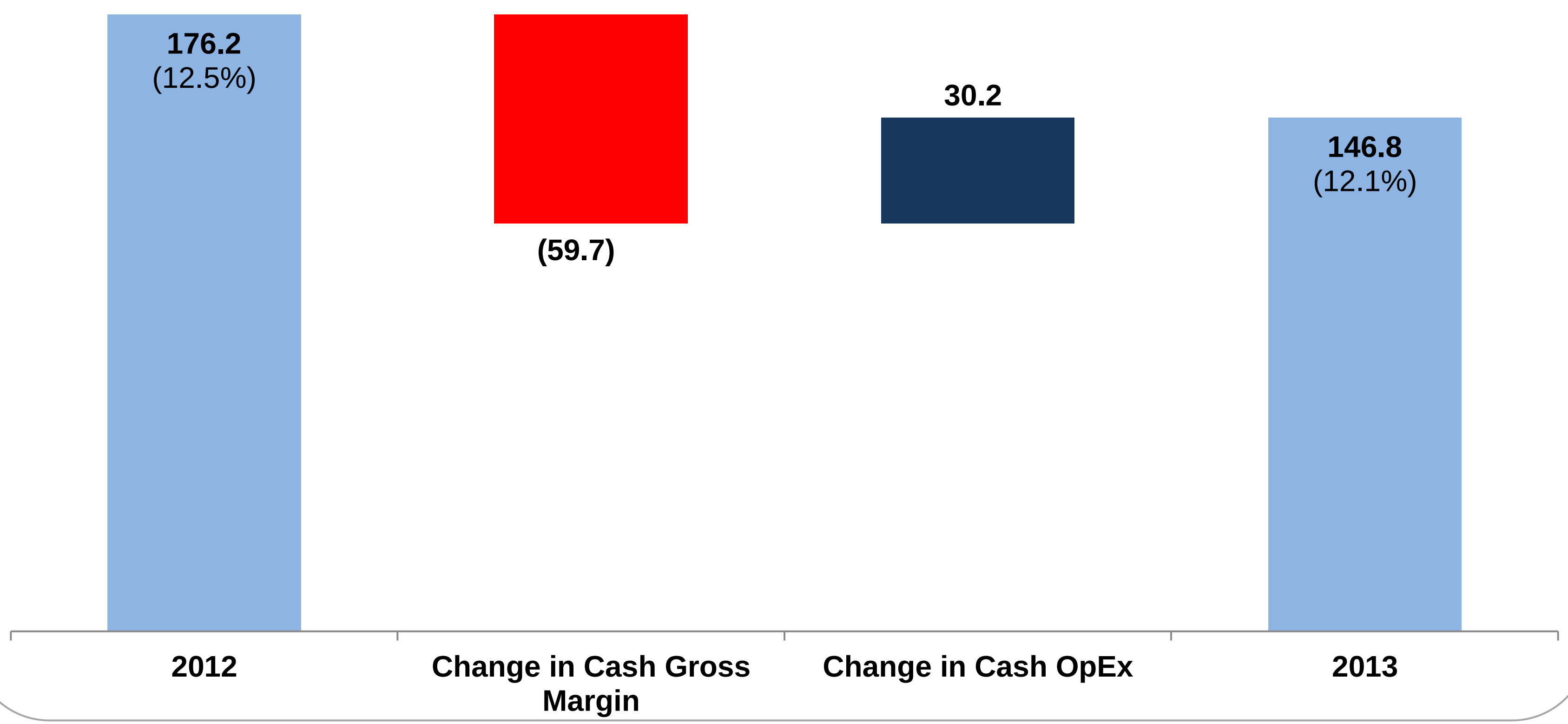
EBITDA evolution (€m)



Benefitting from the ongoing drive towards cost reduction

…mitigate "Net Income, *adjusted*" ratio decline

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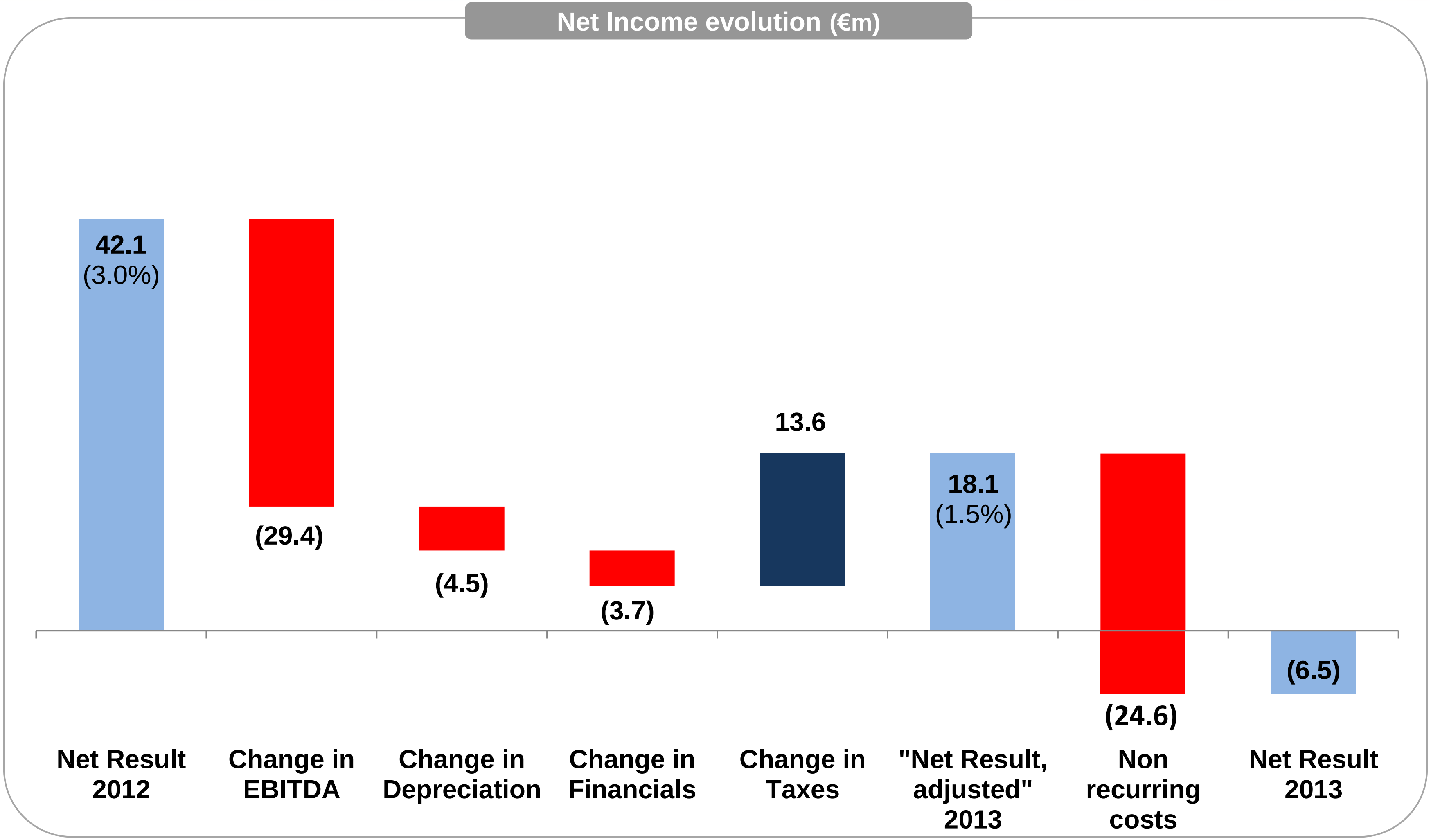

Lower Operating Cash Flow and absorption of Working Capital lead to NFP increase (1/2)

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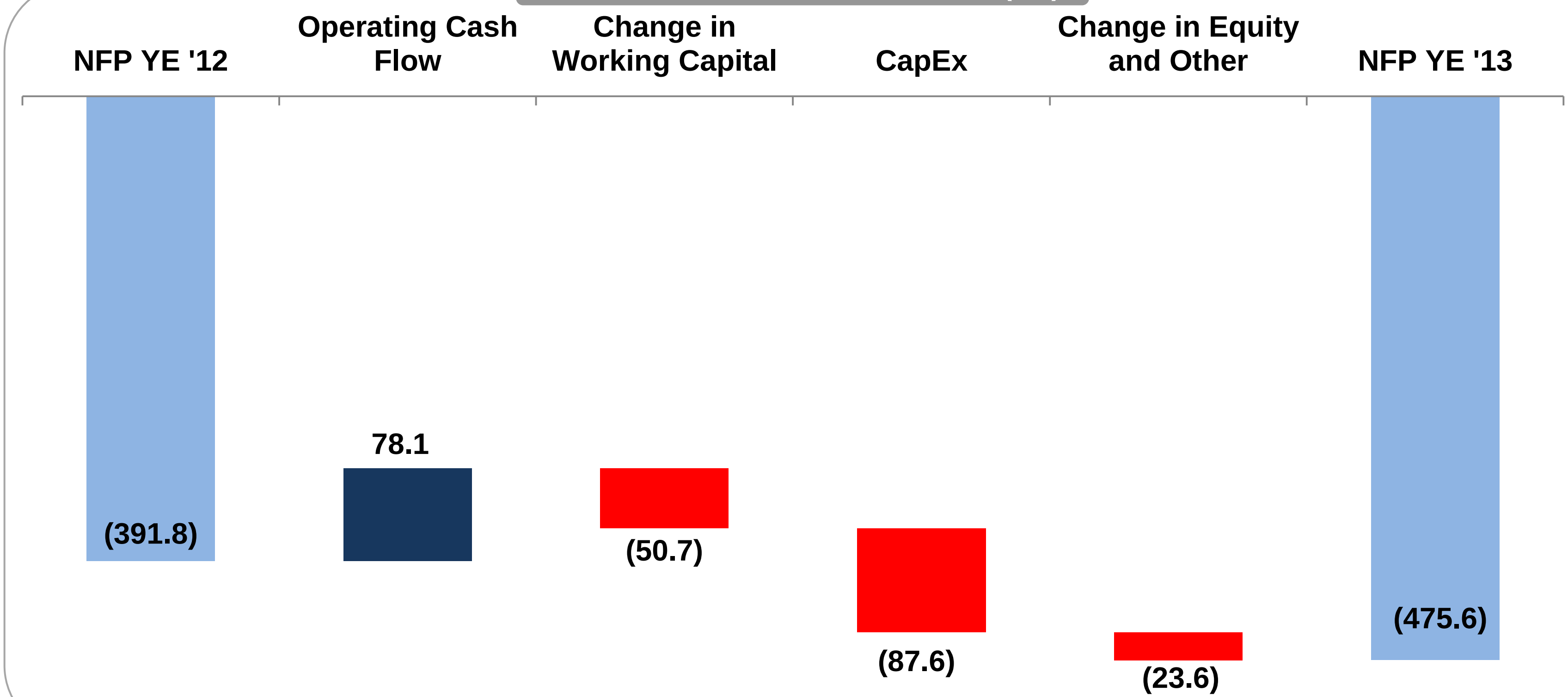
Net Financial Position evolution (€m)



FY 2012

€m

(335.9)	125.4	8.4	(147.8)	(42.0)	(391.8)
NFP YE '11					NFP YE '12

Lower Operating Cash Flow and absorption of Working Capital lead to NFP increase (2/2)

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Balance sheet evolution (€m)

	2011	2012	2013	*Chg. '12 vs '11*	*Chg. '13 vs '12*
Trade Receivable (*)	61.7	59.3	74.4	*-2.4*	*15.1*
Inventories	237	221.1	207.8	*-15.9*	*-13.3*
Commercial Payable (**)	(376.7)	(389.4)	(344.8)	*-12.7*	*44.6*
Other assets/liabilities (**)	5.3	27.9	32.3	*22.6*	*4.4*
Working Capital	**(72.7)**	**(81.1)**	**(30.4)**	***-8.4***	***50.7***
Tangible Fixed Assets	274.9	321.0	310.1	*46.1*	*-10.9*
Intangible Fixed Assets	649.4	661.0	654.5	*11.6*	*-6.5*
Financial Investments	2.6	6.7	9.9	*4.1*	*3.2*
Provisions	(72.2)	(75.9)	(76.4)	*-3.7*	*-0.5*
Net Invested Capital	**782.1**	**831.7**	**867.7**	***49.6***	***36.0***
Net Debt	**335.9**	**391.8**	**475.6**	***55.9***	***83.8***
Equity	**446.2**	**439.9**	**392.1**	***-6.3***	***-47.8***
Total Sources	**782.1**	**831.7**	**867.7**	***49.6***	***36.0***
Net debt/Equity	**0.75**	**0.89**	**1.2**		

(*) Net of advances from customers (**) In order to provide the reader of this Presentation with better comparison of the information included in the Working Capital, certain items have been restated from "Other assets/liabilities" to "Commercial Payables" for FY 2011 and H1 2012. The restatement has no impact on Working Capital results.

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