Immsi SOCIETÀ PER AZIONI

PRESS RELEASE

IMMSI GROUP: 2019 FIRST QUARTER RESULTS[1]

At 31 March 2019, the Immsi Group reported an improvement in performance from the year-earlier period, with progress on all the main earnings indicators, a strong increase in Ebit and net profit, higher capital expenditure and a reduction in debt.

Consolidated net sales 362.7 million euro, up 9% (+8.2% at constant exchange rates) (332.6 €/mln in Q1 2018)

Ebitda 51 million euro, up 12.2%
(49 €/mln ex IFRS 16) (45.5 €/mln in Q1 2018)
Ebitda margin 14.1% (13.7% in Q1 2018)

Ebit 21.1 million euro, up 31.1%
(16.1 €/mln in Q1 2018) Ebit margin 5.8% (4.9% in Q1 2018)

Profit before tax more than doubled to 10.1 million euro
(10.3 €/mln ex IFRS 16) (4.4 €/mln in Q1 2018)

Net profit including minority interests 3.6 million euro
(0.8 €/mln in Q1 2018)

Consolidated net profit 1.8 million euro, a six-fold increase
(0.3 €/mln in Q1 2018)

Net financial position ex IFRS 16, -882.3 €/mln, an improvement of 44.3 €/mln from -926.6 €/mln at 31 March 2018. NFP at 31 March 2019, including IFRS 16, -905.1 €/mln, an improvement of 21.5 €/mln

Capital expenditure 29.7 million euro, up 31.4% (22 €/mln at 31 March 2018)

Mantua, 14 May 2019 – At a meeting today chaired by Roberto Colaninno, the Board of Directors of **Immsi S.p.A.** (IMS.MI) examined and approved the interim report on operations as at and for the three months to 31 March 2019.

Immsi Group financial and business performance at 31 March 2019

The Immsi Group is continuing its strategic focus on geographical expansion consistent with product strategies and with world macro-economic trends. This management model significantly reduces the risks of an excessive concentration of production and sources of income in a single country, and enables the Group to maximise returns in countries with the highest economic growth rates. At the same time, on-going analysis of the latest international trade policies and current socio-political developments confirms that geographical diversification enables the Group to meet the growing demand for quality among all the customers of its subsidiaries without increasing production costs, while simultaneously improving time to market.

[1] The results of operations, equity and financial figures for Q1 reflect the effects of IFRS 16 on the accounting treatment of operating leases. For the purposes of comparison with Q1 2018, which has not been restated in accordance with the new reporting standard, the most significant effects are highlighted in the comments on the individual items.

Consolidated net sales in the first quarter to 31 March 2019 totalled **362.7 million euro**, up by 9% from 332.6 million euro in the year-earlier period. **At constant exchange rates, consolidated net sales rose by 8.2%.**

Immsi Group consolidated **Ebitda** amounted to **51 million euro, an improvement of 12.2%** from 45.5 million euro in the first quarter of 2018. The **Ebitda margin** was **14.1%** (13.7% in the first quarter of 2018). The indicator was the best first-quarter result in both absolute terms and in terms of Group profitability.
Excluding the effects of IFRS 16, Ebitda at 31 March 2019 would have been 49 million euro.

Ebit was **21.1 million euro, an increase of 31.1%** from 16.1 million euro in the year-earlier period, the best first-quarter result since 2007. The **Ebit margin** also rose, to **5.8%** (4.9% at 31 March 2018), the best first-quarter result to date.
Excluding the effects of IFRS 16, Ebitda at 31 March 2019 would have been 21 million euro.

The Group posted a **profit before tax of 10.1 million euro, a sharp increase of 132.8%** (4.4 million euro in the year-earlier period).
Excluding the effects of IFRS 16, profit before tax at 31 March 2019 would have been 10.3 million euro.

Net profit including minority interests totalled **3.6 million euro, a more than 4-fold increase (+334.5%**) from 0.8 million euro in the year-earlier period.

Consolidated net profit was 1.8 million euro, a strong 6-fold increase (+474.3%) from 0.3 million euro at 31 March 2018.

Excluding the negative effects of 22.8 million euro from application of IFRS 16, Immsi Group **net financial debt was 882.3 million euro, an improvement of 44.3 million euro** from 926.6 million euro at 31 March 2018 arising in particular from the reduction in medium/long-term net debt. Considering application of IFRS 16, the NFP at 31 March 2019 was -905.1 million euro, an improvement of 21.5 million euro from -926.6 million euro at 31 March 2018. At 31 December 2018, the NFP was -852 million euro, lower than at the end of the first quarter of 2019, largely because of the typically seasonal nature of the Piaggio Group two-wheeler business.

Immsi Group **shareholders' equity** at 31 March 2019 was **385.6 million euro** (379.4 million euro at 31 December 2018).

In the first quarter of 2019, Immsi Group **capital expenditure amounted to 29.7 million euro, an increase of 31.4%** from 22.6 million euro in the first quarter of 2018.

The Group's operations present seasonal variations in sales over the course of the year, especially in the industrial sector.

Performance of the Immsi Group businesses at 31 March 2019

Industrial Sector: Piaggio Group

In the industrial sector, in the first quarter of 2019 the Piaggio Group reported a strong improvement in performance from the year-earlier period, a significant increase in Ebit and net profit, and a reduction in debt.

At 31 March 2019, Piaggio Group consolidated net sales totalled 346.2 million euro (+10.8%, +10% at constant exchange rates); consolidated Ebitda was 49.5 million euro (+14.5%, +16.8% at

constant exchange rates), with an Ebitda margin of 14.3%; Ebit was 20.7 million euro (+42.6%), with an Ebit margin of 6%; net profit rose by 97.7% to 7.8 million euro.
Excluding the negative effects of 20.3 million euro from application of IFRS 16, Piaggio Group net financial debt was 456.1 million euro, an improvement of 46.8 million euro from 502.9 million euro at 31 March 2018. Considering application of IFRS 16, the NFP at 31 March 2019 was 476.4 million euro, an improvement of 26.5 million euro from 502.9 million euro at 31 March 2018.
In the first three months of 2019, the Piaggio Group sold 140,400 vehicles worldwide, an increase of 8.2%.

Naval Sector: Intermarine S.p.A.

In the naval sector, at 31 March 2019 Intermarine S.p.A. reported consolidated net sales of 15.5 million euro, Ebitda of 2.2 million euro (Ebitda margin of 14.1%), Ebit of 1.3 million euro (Ebit margin 8.6%) and net profit of 0.5 million euro.

Specifically, net sales consisted of 11.9 million euro in the Military Sector and 3.6 million euro in the Fast Ferries and Yacht division, relating largely to operations at the Messina shipyard and the Marine Systems division.

Real Estate and Holding sector

Net sales in the Real Estate and Holding sector in the three months to 31 March 2019 amounted to 1 million euro, an improvement of 32.4% from 0.7 million euro in the year-earlier period.

The subsidiary **Is Molas S.p.A.**, which manages the Is Molas Golf Resort project in the province of Cagliari, completed four showhomes and took the remaining 11 villas in the first batch to an advanced unfinished stage, to enable potential clients to select floorings and internal finishes. The company examined the possibility of leasing the showhomes in order to enable end customers, including investors, to become familiar with the product and related services on offer. Commercial operations are underway to identify possible national/international purchasers.

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Outlook

In the **Industrial Sector**, in a context in which the Piaggio Group is strengthening its position on the global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market, taking full advantage of the expected recovery by further strengthening its scooter and motorcycle ranges;
- maintaining its current positions on the European commercial vehicles market by strengthening the sales network;
- consolidating its presence in Asia Pacific, by exploring new opportunities in countries in the region, with a particular focus on the premium segment of the market;
- increasing sales on the Indian scooter market thanks to the Vespa and Aprilia offers;
- growing the penetration of commercial vehicles in India, in part through the introduction of new engine displacements.

From the technological viewpoint, the Piaggio Group will continue research on new solutions to current and future mobility problems, through the work of Piaggio Fast Forward (Boston) and new advances in design at the PADc (Piaggio Advanced Design center) in Pasadena.

At a more general level, the Group maintains its commitment – a characteristic of recent years and continuing in 2019 – to generate higher productivity through close attention to cost and investment efficiency, in compliance with its ethical principles.

In the **Naval Sector** (Intermarine S.p.A.), 2019 will see important advances in production work on contracts, in order to strengthen the financial consolidation of recent years. The company is also involved in a number of negotiations, in the Defence sector in particular, to win new orders that would enable it to expand its order book and consequently optimise its production capacity over the coming years.

In the **Real Estate and Holding Sector**, the Is Molas S.p.A. subsidiary is proceeding with commercial activities to identify possible purchasers, in Italy and abroad.

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Share buyback program

During the meeting, in connection with the authorisation for the purchase and disposal of own shares given by the Immsi S.p.A. AGM today, the Board of Directors also approved the launch of a share buyback program, which represents a useful strategic investment opportunity for the purposes allowed under law, including the purposes contemplated in art. 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, "**MAR**"), among which the purchase of own shares for subsequent cancellation, and in the practices allowed by Consob under art. 13 MAR.

Share purchase transactions under the program will be performed in the manner and in compliance with the limits set out in the aforementioned shareholder resolution, specifically:

- the purchase may be for a maximum of 10,000,000 Immsi no-par ordinary shares, for a maximum amount set at 10,000,000 euro;
- share buybacks shall take place within the limits of distributable earnings and available reserves as reflected in the most recent financial statements (including interim financial statements) approved at the time of implementation of the transaction;
- share buybacks shall be effected on the regulated market in a manner that ensures equality of treatment of shareholders as envisaged by art. 132 of the Consolidated Finance Act, with the graduality deemed to be in the interests of the company and in accordance with current laws, adopting the procedures envisaged by art. 144-*bis*, paragraph 1, head b) of the Issuers Regulation and taking into account the conditions relating to trading as per art. 3 of the Delegated Regulation (EU) 2016/1052 ("**Regulation 1052**") enacting the MAR (i) for a consideration that shall not be higher than the greater of the price of the most recent independent transaction and the price of the highest independent offer on the trading markets where the buyback is made, without prejudice to the condition that the per-share consideration shall not in any case be more than 20% below or 10% above the mean official Immsi share price in the ten trading days before each single purchase transaction; (ii) for volumes not exceeding 25% of the average daily volume of Immsi S.p.A. shares traded on the regulated market where the buyback is made, determined on the basis of the parameters as per art. 3 of Regulation 1052;
- the buyback program may be implemented, in one or more tranches, through 14 November 2020.

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The manager in charge of preparing the company accounts and documents, Andrea Paroli, certifies, pursuant to paragraph 2 of art. 154-*bis* of the Consolidated Law on Financial Intermediation, that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

This press release may contain forward-looking statements relating to future events and Immsi Group business and financial results. By their nature, these statements are subject to inherent risks and uncertainties, since they relate to events and depend on circumstances that may or may not occur or exist in the future. Actual results may differ materially from those expressed in such statements as a result of a variety of factors.

This press release contains a number of indicators that, though not yet contemplated by the IFRS ("Non-GAAP Measures"), are based on financial measures envisaged by the IFRS. These indicators – presented in order to assist assessment of the Group's business performance – should not be considered as alternatives to those envisaged by the IFRS and are consistent with those in the Immsi Group 2018 Annual Report and quarterly and half-year reports. Furthermore, since determination of such indicators is not specifically regulated by the IFRS, the methods used may not coincide with those adopted by other companies/groups, and consequently the indicators in question may not be comparable. Specifically, the following alternative performance indicators are used:

- EBITDA: earnings before amortisation and impairment losses on property, plant and equipment and intangible assets, as reflected in the income statement;
- Net financial debt: this reflects financial liabilities (current and non-current), less cash and cash equivalents, and other financial receivables (current and non-current). Determination of net financial debt does not include other financial assets and liabilities arising from measurement at fair value of derivatives designated as hedges, fair value adjustments of the related hedged items, related accruals, interest expense accrued on loans received and financial liabilities relating to discontinued operations. The schedules in the Immsi Group interim report on operations for the first quarter to 31 March 2019 include a table illustrating the composition of net financial debt. In this regard, in compliance with CESR recommendation of 10 February 2005 "Recommendation for uniform enactment of the European Commission regulation on disclosures", attention is drawn to the fact that the indicator determined as described represents the amount as monitored by Group management and differs with respect to Consob Communication no. 6064293 of 28 July 2006, since it also includes non-current financial receivables.

In preparing the interim report on operations for the first quarter to 31 March 2019, the Immsi Group applied the accounting policies used in preparing the consolidated financial statements as at and for the year ended 31 December 2018 with the exception of the adoption as from 1 January 2019 of IFRS 16 on accounting treatment of operating leases.

Immsi S.p.A. said that the interim report on operations for the first quarter to 31 March 2019 will be available to the public at the company head office, in the "eMarket STORAGE" authorised storage mechanism at www.emarketstorage.com and on the issuer's website www.immsi.it (section "Investors/Financial Reports/2019") as from 15 May 2019.

The Immsi Group reclassified consolidated income statement, reclassified consolidated statement of financial position and consolidated statement of cash flows are set out below. In compliance with the Instructions to the Regulation for markets organised and managed by Borsa Italiana S.p.A. section IA.2.6, the reclassified schedules are not subject to auditing by the independent auditors.

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Immsi Group reclassified consolidated income statement

In thousands of euro	*31.03.2019*		*31.03.2018*		*Change*	
Net sales	**362,687**	**100%**	**332,619**	**100%**	**30,068**	**9.0%**
Cost of materials	210,514	58.0%	185,836	55.9%	24,678	13.3%
Cost of services and use of third-party assets	63,605	17.5%	60,245	18.1%	3,360	5.6%
Employee expense	60,981	16.8%	57,548	17.3%	3,433	6.0%
Other operating income	28,915	8.0%	21,436	6.4%	7,479	34.9%
Impairment reversals (losses) net of trade and other receivables	-449	-0.1%	-343	-0.1%	-106	-30.9%
Other operating expense	5,013	1.4%	4,580	1.4%	433	9.5%
EBITDA	**51,040**	**14.1%**	**45,503**	**13.7%**	**5,537**	**12.2%**
Depreciation and impairment property, plant and equipment	12,212	3.4%	11,386	3.4%	826	7.3%
Goodwill impairment	0	-	0	-	0	-
Amortisation and impairment intangible assets with finite life	17,685	4.9%	17,984	5.4%	-299	-1.7%
EBIT	**21,143**	**5.8%**	**16,133**	**4.9%**	**5,010**	**31.1%**
Results of associates	18	0.0%	67	0.0%	-49	-
Finance income	3,154	0.9%	4,309	1.3%	-1,155	-26.8%
Finance costs	14,174	3.9%	16,153	4.9%	-1,979	-12.3%
PROFIT BEFORE TAX	**10,141**	**2.8%**	**4,356**	**1.3%**	**5,785**	**132.8%**
Income tax	6,543	1.8%	3,528	1.1%	3,015	85.5%
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**3,598**	**1.0%**	**828**	**0.2%**	**2,770**	**334.5%**
Profit (loss) for the period from discontinued operations	0	-	0	-	0	-
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**3,598**	**1.0%**	**828**	**0.2%**	**2,770**	**334.5%**
Minority interests	1,835	0.5%	521	0.2%	1,314	252.2%
GROUP PROFIT (LOSS) FOR THE PERIOD	**1,763**	**0.5%**	**307**	**0.1%**	**1,456**	**474.3%**

Immsi Group reclassified consolidated statement of financial position

In thousands of euro	*31.03.2019*	*in %*	*31.12.2018*	*in %*	*31.03.2018*	*in %*
Current assets:						
Cash and cash equivalents	183,934	8.3%	200,450	9.5%	129,659	6.1%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating assets	572,650	25.8%	486,987	23.1%	592,010	27.8%
Total current assets	**756,584**	**34.1%**	**687,437**	**32.6%**	**721,669**	**33.9%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	837,031	37.8%	833,805	39.5%	823,090	38.7%
Property, plant, equipment	332,122	15.0%	300,860	14.2%	298,422	14.0%
Other assets	291,097	13.1%	289,201	13.7%	284,169	13.4%
Total non-current assets	**1,460,250**	**65.9%**	**1,423,866**	**67.4%**	**1,405,681**	**66.1%**
TOTAL ASSETS	**2,216,834**	**100.0%**	**2,111,303**	**100.0%**	**2,127,350**	**100.0%**
Current liabilities:						
Financial liabilities	493,069	22.2%	532,096	25.2%	426,972	20.1%
Operating liabilities	639,095	28.8%	585,098	27.7%	609,037	28.6%
Total current liabilities	**1,132,164**	**51.1%**	**1,117,194**	**52.9%**	**1,036,009**	**48.7%**
Non-current liabilities:						
Financial liabilities	595,976	26.9%	520,383	24.6%	629,284	29.6%
Other non-current liabilities	103,126	4.7%	94,351	4.5%	95,113	4.5%
Total non-current liabilities	**699,102**	**31.5%**	**614,734**	**29.1%**	**724,397**	**34.1%**
TOTAL LIABILITIES	**1,831,266**	**82.6%**	**1,731,928**	**82.0%**	**1,760,406**	**82.8%**
TOTAL SHAREHOLDERS' EQUITY	**385,568**	**17.4%**	**379,375**	**18.0%**	**366,944**	**17.2%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,216,834**	**100.0%**	**2,111,303**	**100.0%**	**2,127,350**	**100.0%**

Immsi Group consolidated statement of cash flows

In thousands of euro	*31.03.2019*	*31.03.2018*
Operating assets		
Profit before tax	10,141	4,356
Depreciation of tangible assets (including investment property)	12,212	11,386
Amortisation intangible assets	17,545	17,738
Provision for risks, severance liabilities and similar obligations	4,749	4,425
Impairment losses / (Reversals of impairment losses to fair value)	686	584
Losses / (Gains) on the sale of tangible assets (including investment property)	7	(20)
Finance income	(1,025)	(867)
Finance costs	11,740	11,503
Amortisation of public grants	(913)	(744)
Change in working capital	(12,814)	(64,856)
Change in non-current provisions and other variations	(30,142)	(11,895)
Cash generated by operating activities	12,186	(28,390)
Interest expense paid	(6,328)	(7,198)
Tax paid	(11,043)	(6,936)
Cash flow relating to operating activities	(5,185)	(42,524)
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	(148)	0
Investment in tangible assets (including investment property)	(9,411)	(6,891)
Sale price or redemption value of tangible assets (including investment property)	2	42
Investment in intangible assets	(20,255)	(15,665)
Sale price or redemption value of intangible assets	6	0
Interest collected	216	135
Public grants collected	581	0
Other movements	0	(13)
Cash flow relating to investing activities	(29,009)	(22,392)
Financing activities		
Loans received	59,993	82,913
Outflow for loan repayments	(42,754)	(23,331)
Repayment of finance leases	(393)	(285)
Cash flow relating to financing activities	16,846	59,297
Increase / (Decrease) in cash and cash equivalents	(17,348)	(5,619)
Opening balance	195,968	135,258
Exchange differences	3,490	(3,945)
Closing balance	182,110	125,694