



**Share capital 178,464,000 euros fully paid up**  
**Registered office: Piazza Vilfredo Pareto, 3 – 46100 Mantova**  
**Mantua Register of Companies – Tax code and VAT registration number 07918540019**

***Interim Report***  
***on***  
***Operations***

***31 March 2020***

*This Interim Financial Report as of 31 March 2020 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document..*



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This report was approved by the Board of Directors of Immsi S.p.A. on 14 May 2020  
and is available to the public at the Company's registered office,  
in the authorised storage mechanism "eMarket STORAGE" viewable at the web address [www.emarketstorage.com](http://www.emarketstorage.com)  
and on the website of the Issuer [www.immsi.it](http://www.immsi.it) (section: "Investors/Financial reports/2020")

## **COMPANY BOARDS**

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholders' resolution of 10 May 2018 and will remain in office until the date the Shareholders' Meeting is convened to approve the financial statements for the year ending 31 December 2020.

### **BOARD OF DIRECTORS**

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Roberto Colaninno	<i>Chairman</i>
Daniele Discepolo	<i>Deputy Chairman</i>
Michele Colaninno	<i>Chief Executive Officer</i>
Matteo Colaninno	<i>Director</i>
Ruggero Magnoni	<i>Director</i>
Livio Corghi	<i>Director</i>
Rita Ciccone	<i>Director</i>
Gianpiero Succi	<i>Director</i>
Patrizia De Pasquale	<i>Director</i>
Paola Mignani	<i>Director</i>
Devis Bono	<i>Director</i>

### **BOARD OF STATUTORY AUDITORS STATUTORY AUDITORS**

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Alessandro Lai	<i>Chairman</i>
Giovanni Barbara	<i>Statutory Auditor</i>
Maria Luisa Castellini	<i>Statutory Auditor</i>
Gianmarco Losi	<i>Alternate Auditor</i>
Elena Fornara	<i>Alternate Auditor</i>

### **INDEPENDENT AUDITORS AUDITORS**

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PricewaterhouseCoopers S.p.A.	<i>2012 - 2020</i>
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### **GENERAL DIRECTOR DIRECTOR**

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Michele Colaninno
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In accordance with the principles of Corporate Governance recommended by the Corporate Governance Code for Listed Companies, and pursuant to Italian Legislative Decree No. 231/01, the Board of Directors has established the following bodies:

**REMUNERATION COMMITTEE**

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Daniele Discepolo	<b>Chairman</b>
Paola Mignani	
Rita Ciccone	

**INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE**

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Daniele Discepolo	<b>Chairman</b>
Paola Mignani	
Rita Ciccone	

**RELATED-PARTY COMMITTEE**

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Rita Ciccone	<b>Chairman</b>
Paola Mignani	
Patrizia De Pasquale	

**COMPLIANCE COMMITTEE**

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Marco Reboa	<b>Chairman</b>
Giovanni Barbara	
Maurizio Strozzi	

**APPOINTMENT PROPOSALS COMMITTEE**

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Daniele Discepolo	<b>Chairman</b>
Paola Mignani	
Rita Ciccone	

**LEAD INDEPENDENT DIRECTOR**

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Daniele Discepolo
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**CEO AND GENERAL MANAGER**

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Michele Colaninno
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**INTERNAL AUDIT MANAGER**

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Maurizio Strozzi
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**FINANCIAL REPORTING OFFICER**

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Andrea Paroli
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All information on powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as functions of various Committees of the Board of Directors, is available in the *Governance* section of the Issuer's website [www.immsi.it](http://www.immsi.it).

## Health emergency - COVID-19

During the first few months of 2020, a factor of macro-economic stability came to the fore, connected with the spread of COVID-19, which initially affected economic activity in China in the first few weeks of the year, and then other countries.

Following the health emergency proclaimed by the World Health Organization (WHO), government authorities in various countries gradually issued orders to stop production and business activities, limiting people's freedom of movement in some cases.

This factor had a considerable impact on the general macroeconomic framework of the first quarter, particularly affecting the markets where the Group operates.

Specifically, the measures adopted for each reference sector are analysed below:

### Property and holding sector

In March, the Parent Company Immsi S.p.A. adopted operating procedures for its personnel, in line with general rules on protecting public health, and at the same time guaranteed operating continuity by arranging for staff to work at home and optimising activities.

As regards the subsidiary Is Molas S.p.A., activities are being carried out at present complying with the obligation to keep the hotel closed to the public, while the sports facilities were partially reopened on 8 May, following all provisions in force to protect employees. Some employees have been furloughed, some employees are working from home, while others are working on site as they are necessary for business continuity (maintenance of the golf courses and structure), but have been limited to the minimum number of staff, with duties and tasks that enable health and safety regulations to be met in full (distancing, equipment, precautions).

In view of the likely opening of hotel activities, estimated at present for the summer season and a full return to golfing activities, the company is monitoring the issue of reference guidelines by the various authorities, in order to adopt all procedures required for each sector within the established times.

### Industrial sector

Since the virus first spread, the Piaggio group has taken all possible precautions to guarantee the safety of its employees' health at its sites. In compliance with the notice issued by the Prime Minister on 21 March 2020, production at the group's Italian sites was stopped from 23 March 2020 to 3 May 2020.

In India, based on the lockdown measure issued on 24 March by the Indian government, production was stopped from 25 March 2020 to 18 May 2020, even though the Indian government decided on activities restarting from 4 May in areas less affected by the virus.

In Vietnam, production was never stopped, but measures were necessary to make up for the lack of supplies from China and Malaysia.

Distribution and sales in some countries where Piaggio operates were also stopped. Activities started up again from 14 April and will continue to do so based on schedules decided in each of the countries where the group operates.

At the same time, remote working was extended to all employees able to work away from the office.

During this time of economic uncertainty, the Piaggio group has worked tirelessly to meet all commitments and to continue to support its customers and dealers as far as possible.

### Marine sector

With reference to the health emergency caused by COVID-19, the subsidiary Intermarine S.p.A. promptly took steps to adopt requirements to combat the spread of the virus and protect the community and health of its workers. With a view to being a going concern, the subsidiary continued to carefully monitor developments in the emergency and adopted all appropriate and necessary measures to protect its workers in line with provisions gradually issued at a national, regional and local level. In keeping with Government measures, Intermarine reached agreements with trade

union organisations to furlough staff and obtained appropriate authorisations from prefectures to resume production, albeit at a reduced rate.

As regards the above, based on production activities under way and considering the actual importance and significance of specific activities functional to business continuity, work processes were continually mapped and monitored, involving the heads of each function/department, in order to identify:

- a) the personnel whose work was indispensable at production areas, because activities could not be carried out remotely or in another way;
- b) the personnel whose work was indispensable but could be carried out remotely; in this case, identifying work loads, the personnel worked from home;
- c) the personnel who had to be temporarily suspended from work activities, due to production resuming at a reduced rate because of the COVID-19 emergency.

## Financial highlights of the Immsi Group

The first part of the first quarter of 2020 was extremely positive for the Immsi Group, with volumes and financial indicators increasing over the same period of the previous year, while the second part was affected by the world health emergency caused by COVID-19, which led to production activities, sales and services to customers being stopped, particularly in the industrial sector and tourist/hospitality industry.

All indicators were down on the figures for the first quarter of 2019: turnover decreased by 9.2%, EBITDA by 21.8% and the net result including the portion attributable to non-controlling interests recorded a loss of €1.8 million in the first quarter of 2020, compared to a profit of €3.6 million in the same period of 2019. Net financial debt at 31 March 2020 was equal to €931.3 million, up by 2.9% compared to the first quarter of the previous year.

Earnings for the period reflect a different performance with reference to the sectors comprising the Group, based on the different business trends and varying impact of seasonality of the period under review.

For a clearer interpretation, the following is reported on a preliminary basis:

- the “property and holding sector” consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;
- the “industrial sector” includes the companies owned by the Piaggio group, while
- the “marine sector” includes Intermarine S.p.A. and other minor subsidiaries or associated companies of Intermarine S.p.A..

Some of the main financial data of the Immsi Group are presented below, divided by business segment and determined, as already stated, in accordance with international accounting standards (IAS/IFRS). A more detailed description of the figures below may be found further on in this paragraph.

### Immsi Group at 31 March 2020

	<i>Sector property and holding</i>	<i>as a %</i>	<i>Sector industrial</i>	<i>as a %</i>	<i>Sector marine</i>	<i>as a %</i>	<i>Group Immsi</i>	<i>as a %</i>
In thousands of euros								
Net revenues	104		311,358		17,847		329,309	
Operating income before depreciation and amortisation (EBITDA)	-1,686	n/m	39,811	12.8%	1,809	10.1%	39,934	12.1%
Operating income (EBIT)	-1,933	n/m	10,012	3.2%	931	5.2%	9,010	2.7%
Profit before tax	-5,490	n/m	5,223	1.7%	429	2.4%	162	0.0%
Earnings for the period including non-controlling interests	-5,131	n/m	3,134	1.0%	216	1.2%	-1,781	-0.5%
Group earnings for the period (which may be consolidated)	-2,464	n/m	1,574	0.5%	157	0.9%	-734	-0.2%
Net debt	-323,137		-548,619		-59,506		-931,262	
Personnel (number)	71		6,522		264		6,857	



Hereunder we give the same table referring to the same period of the preceding year. A comparison between the two periods is made in the specific comment related to the single business sectors presented further on.

### Immsi Group at 31 March 2019

In thousands of euros	<i>Sector property and holding</i>	<i>as a %</i>	<i>Sector industrial</i>	<i>as a %</i>	<i>Sector marine</i>	<i>as a %</i>	<i>Group Immsi</i>	<i>as a %</i>
Net revenues	961		346,190		15,536		362,687	
Operating income before depreciation and amortisation (EBITDA)	-619	n/m	49,465	14.3%	2,194	14.1%	51,040	14.1%
Operating income (EBIT)	-866	n/m	20,669	6.0%	1,340	8.6%	21,143	5.8%
Profit before tax	-4,997	n/m	14,243	4.1%	895	5.8%	10,141	2.8%
Earnings for the period including non-controlling interests	-4,776	n/m	7,834	2.3%	540	3.5%	3,598	1.0%
Group earnings for the period (which may be consolidated)	-2,561	n/m	3,932	1.1%	392	2.5%	1,763	0.5%
Net debt	-379,305		-476,409		-49,399		-905,113	
Personnel (number)	86		6,425		270		6,781	

The data in the previous tables refer to results that may be consolidated, i.e. net in particular of revenues and intergroup costs and any dividends of subsidiaries.

### Alternative non-GAAP performance indicators

This Report contains some indicators that, although not indicated by IFRS (“Non-GAAP Measures”), derive from IFRS financial measures.

These indicators – which are presented to allow a better assessment of the Group’s operating performance – should not be considered as an alternative to IFRS measures. They are identical to those contained in the Annual Report and Financial Statements at 31 December 2019 and in the periodical quarterly reports of the Immsi Group.

Moreover, the procedures for determining these indicators are not specifically regulated by reference accounting standards, so they might not be uniform with the measures adopted by other entities and therefore might not be sufficiently comparable.

In particular, the following alternative performance indicators have been used:

- **EBITDA:** defined as operating income before amortisation/depreciation and impairment costs of intangible assets and plant, property and equipment, as reported in the consolidated income statement.
- **Net financial debt (or net debt):** represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. Net financial debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging, the fair value adjustment of related hedged items, relative deferrals, interest accrued on loans and financial liabilities related to assets held for sale. This Report includes a table indicating the items used to determine the indicator. In this

respect, pursuant to the CESR recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, it is noted that the indicator thus formulated represents what has been monitored by Group Management and differs from that suggested by Consob Communication No. 6064293 of 28 July 2006 as it also includes the non-current portion of financial receivables.

## Form and content

Italian Legislative Decree 25 of 2016, which implemented the new Directive *Transparency II (2013/50/EU)*, eliminated the obligation of publication of the interim report on operations. The decision to continue to publish information on the first quarter and the first nine months of the Immsi Group was taken in continuity with the past, also in the light of changes in the regulatory framework. In this regard, it should be noted that Consob, with Resolution no. 19770 of 26 October 2016, approved the amendments to the Issuer Regulations on interim reports on operations (additional periodic financial information) through the introduction of the new Article 82-*ter*. The new provisions shall apply from 2 January 2017.

The disclosure on subsequent events and the operating outlook is provided later in the specific paragraph of this Report.

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company has indicated fewer details than required by IAS 34 – Interim Financial Reporting. The information in this Report should be read together with the Consolidated Financial Statements at 31 December 2019, prepared according to IFRS.

The reclassified Income Statement and Statement of Comprehensive Income relative to the first quarter of 2020 are given below, compared with the same period of 2019, as well as the reclassified Statement of Financial Position at 31 March 2020, compared with the situation at 31 December 2019 and 31 March 2019 and the Statement of Cash Flows at 31 March 2020 compared with the same period of 2019. The Statement of changes in shareholders’ equity at 31 March 2020, compared with figures for the same period of the previous year is also presented.

In the first quarter of 2020, as in the same period of 2019, no non-recurrent material transactions took place, as defined by Consob Communication no. DEM/6064293 of 28 July 2006, nor atypical or unusual transactions, as defined by Consob Communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

The executive in charge of financial reporting Andrea Paroli, hereby declares, in accordance with paragraph 2 of article 154-*bis* of the Consolidated Law on Finance, that accounting disclosure in this document corresponds to accounting records.

The preparation of the Interim Report on Operations required the Management to make estimates and assumptions that particularly affect the reported amounts of revenues, expenses, assets and liabilities recorded in the financial statements and disclosure of contingent assets and liabilities at the closing date of the period. If in the future such estimates and assumptions deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances should change. In addition, some evaluative processes, particularly the more complex ones such as the determination of impairment losses on intangible assets, are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators of *impairment* that require immediate evaluation of possible impairment of assets.

This document can include forward-looking statements, regarding future events and operating, economic and financial results of the Immsi Group. Said statements have a certain degree of risk and uncertainty by nature, since they depend on the occurrence of future events and developments. The actual results may differ even significantly compared to the forecast ones, in relation to several factors.

The Group's activities, especially those regarding the industrial sector and the tourist/hospitality industries, are subject to significant seasonal changes in sales during the year.

The financial statements are prepared using the going concern assumption. The Directors considered that despite the extraordinary uncertainty caused by the global health emergency of COVID-19 and all its consequences, currently available funds, in addition to those that will be generated from operating and financing activities, will enable the Group to meet its own needs arising from investments, management of working capital and repayment of debts, and will ensure an adequate level of operational and strategic flexibility.

As regards financial requirements over the next few months, considering the credit lines expiring in the year and the Group's financial commitments undertaken to support the development of its initiatives, the Directors have adopted, and will adopt in the next few months, actions to seek solutions that guarantee a financial balance that takes into account the possible risk of future weak share market trends, that represent an element of uncertainty as regards the extent of credit lines currently granted to Immsi. In this regard, current prices of the Piaggio share, that guarantees the disbursed loans, have fallen considerably due to market volatility in recent weeks but are not considered to be representative of the actual value of the shares held by Immsi S.p.A..

Specifically, the Parent Company Immsi S.p.A. and the subsidiaries Intermarine S.p.A. and Is Molas S.p.A., considering this extraordinary period of uncertainty, have requested some banks to temporarily put upcoming principal payments on hold over the next few months and/or to suspend checks on the guarantee values of Piaggio shares pledged for various credit lines. At present, some applications have already been approved, while others are still being evaluated.

This Interim Report on Operations is expressed in euros since that is the currency in which most of the Group's transactions take place. Unless stated otherwise, the figures in the financial statements and explanatory notes that follow are expressed in thousands of euros.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below:

	Exchange rate at 31 March 2020	Average exchange rate first quarter 2020	Exchange rate at 31 December 2019	Average exchange rate first quarter 2019
US Dollar	1.0956	1.10266	1.1234	1.13577
Pound Sterling	0.88643	0.86225	0.8508	0.872508
Indian Rupee	82.8985	79.90956	80.187	80.07197
Singapore Dollar	1.5633	1.528008	1.5111	1.53877
Chinese Renminbi	7.7784	7.69564	7.8205	7.66349
Croatian Kuna	7.6255	7.49037	7.4395	7.42162
Japanese Yen	118.9	120.09734	121.94	125.08349
Vietnamese Dong	25.830,46	25,176.95266	25,746.15	26,168.3000
Canadian Dollars	1.5617	1.48186	1.4598	1.51015
Indonesian Rupiah	17,858.28	15,742.82219	15,573.69	16,054.20571
Brazilian Real	5.7001	4.91667	4.5157	4.27751

This Interim Report on Operations at 31 March 2020, not subject to auditing, was prepared pursuant to Italian Legislative Decree 58/1998 as amended, and to Consob Regulation on Issuers and includes reclassified consolidated financial statements and notes prepared adopting the IFRS issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") were also taken into account.

In preparing the Interim Report on Operations at 31 March 2020, the Immsi Group adopted the same accounting standards as those used for the Consolidated Financial Statements at 31 December 2019 (for which reference is made for further details), with the exceptions indicated below.

#### New accounting standards, amendments and interpretations adopted from 1 January 2020

##### *Amendments to IAS 1 and IAS 8*

In October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarifications on the definition of "materiality". These amendments have applied since 1 January 2020.

##### *Amendments to IFRS 9, IAS 39 and IFRS 7*

In September 2019, the IASB published some amendments to IFRS 9, IAS 39 and IFRS 7 with some findings on the reform determining interbank rates. The findings concern the recognition of hedging and imply that a change in the interbank rate (IBOR) should not generally cause the accounting closure of hedging operations. However, the effects of all ineffective hedging should continue to be recognised in the income statement. Given the extensive nature of hedging that involves contracts based on interbank rates, the findings will concern companies from all sectors. These amendments have applied since 1 January 2020.

#### Accounting standards, amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- In May 2017, the IASB issued the new standard IFRS 17 – Insurance Contracts. The new standard will replace IFRS 4 and will be effective from 1 January 2021.
- In October 2018, the IASB published some amendments to IFRS 3 that amend the definition of "business". These amendments will apply from 1 January 2020.
- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of "current" or "non-current" liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2022.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

## **Scope of consolidation**

For the purposes of consolidation, the financial statements at 31 March 2020 of companies included in the scope of consolidation, appropriately modified and reclassified, where necessary, to bring them in line with international accounting standards and uniform classification criteria used by the Group, were used. The scope of consolidation includes the companies in which the Parent Company, directly or indirectly, owns more than half of the voting rights exercisable in Shareholders' Meetings, or has the power to control or direct voting rights by means of contractual or by-law clauses, or can appoint the majority of the members of the Boards of Directors. Excluded from the line-by-line consolidation are non-operating subsidiaries or those with low operating levels as their influence on the final result of the Group is insignificant.

The portion of consolidated shareholders' equity of Piaggio & C. S.p.A. went up from 50.19% at 31 March 2019 to 50.20% at 31 December 2019 and 50.21% at 31 March 2020, due to the purchase by the subsidiary in the first quarter of 2020 of an additional 130,000 treasury shares (for a total of 1,028,818).

The scope of consolidation at 31 March 2020 had not significantly changed compared to the Consolidated Financial Statements at 31 December 2019 and 31 March 2019.

For further details of the Immsi Group structure, reference is made to the attachment to the Notes to the Financial Statements at 31 December 2019, to which reference is made.

# Reclassified consolidated financial statements and relative notes

## Reclassified income statement of the Immsi Group

In thousands of euros	31.03.2020		31.03.2019		Change	
<b>Net revenues</b>	<b>329,309</b>	<b>100%</b>	<b>362,687</b>	<b>100%</b>	<b>-33,378</b>	<b>-9.2%</b>
Costs for materials	197,517	60.0%	210,514	58.0%	-12,997	-6.2%
Costs for services, leases and rentals	52,241	15.9%	63,605	17.5%	-11,364	-17.9%
Employee costs	60,714	18.4%	60,981	16.8%	-267	-0.4%
Other operating income	26,179	7.9%	28,915	8.0%	-2,736	-9.5%
Net reversals (write-downs) of trade and other trade receivables	-954	-0.3%	-449	-0.1%	-505	-112.5%
Other operating costs	4,128	1.3%	5,013	1.4%	-885	-17.7%
<b>OPERATING INCOME BEFORE AMORTISATION</b>	<b>39,934</b>	<b>12.1%</b>	<b>51,040</b>	<b>14.1%</b>	<b>-11,106</b>	<b>-21.8%</b>
Depreciation and impairment costs of plant, property and equipment	12,575	3.8%	12,212	3.4%	363	3.0%
Impairment of goodwill	0	-	0	-	0	-
Amortisation and impairment costs of intangible assets with a definite useful life	18,349	5.6%	17,685	4.9%	664	3.8%
<b>OPERATING INCOME</b>	<b>9,010</b>	<b>2.7%</b>	<b>21,143</b>	<b>5.8%</b>	<b>-12,133</b>	<b>-57.4%</b>
Earnings on investments	160	0.0%	18	0.0%	142	-
Financial income	6,415	1.9%	3,154	0.9%	3,261	103.4%
Borrowing costs	15,423	4.7%	14,174	3.9%	1,249	8.8%
<b>PROFIT BEFORE TAX</b>	<b>162</b>	<b>0.0%</b>	<b>10,141</b>	<b>2.8%</b>	<b>-9,979</b>	<b>n/m</b>
Taxes	1,943	0.6%	6,543	1.8%	-4,600	n/m
<b>EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS</b>	<b>-1,781</b>	<b>-0.5%</b>	<b>3,598</b>	<b>1.0%</b>	<b>-5,379</b>	<b>n/m</b>
Gain (loss) from assets held for sale or disposal	0	-	0	-	0	-
<b>EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS</b>	<b>-1,781</b>	<b>-0.5%</b>	<b>3,598</b>	<b>1.0%</b>	<b>-5,379</b>	<b>n/m</b>
Earnings for the period attributable to non-controlling interests	-1,047	-0.3%	1,835	0.5%	-2,882	n/m
<b>EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP</b>	<b>-734</b>	<b>-0.2%</b>	<b>1,763</b>	<b>0.5%</b>	<b>-2,497</b>	<b>n/m</b>

## Statement of comprehensive income of the Immsi Group

In thousands of euros	31.03.2020	31.03.2019
<b>EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS</b>	(1,781)	3,598
<b>Items that will not be reclassified in the income statement</b>		
Profit (losses) arising from the fair value measurement of assets and liabilities recognised in the statement of comprehensive income	(1,643)	429
Actuarial gains (losses) on defined benefit plans	2,395	(1,459)
<b>Total</b>	<b>752</b>	<b>(1,030)</b>
<b>Items that may be reclassified in the income statement</b>		
Gains/(losses) on cash flow hedges	1,968	105
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(3,955)	3,668
<b>Total</b>	<b>(1,987)</b>	<b>3,773</b>
<b>Other Consolidated Comprehensive Income (Expense)</b>	<b>(1,235)</b>	<b>2,743</b>
<b>TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD</b>	<b>(3,016)</b>	<b>6,341</b>
Comprehensive earnings for the period attributable to non-controlling interests	(863)	3,012
<b>COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP</b>	<b>(2,153)</b>	<b>3,329</b>

The figures in the above table are net of the corresponding tax effect.

### Net revenues

Consolidated net revenues at 31 March 2020 amounted to €329.3 million, of which 94.6%, equal to €311.4 million, attributable to the industrial sector (Piaggio group), 5.4%, equal to €17.8 million, to the marine sector (Intermarine S.p.A.), while the remaining part, of approximately €0.1 million is attributable to the property and holding sector (Immsi S.p.A. and Is Molas S.p.A. net of intergroup eliminations).

As regards the industrial sector, the Piaggio group received net revenues of €311.4 million in the first three months of 2020, down by 10.1% compared to the same period of 2019, following

production activities and sales being stopped due to the health emergency that affected the group's reference markets in the second part of March.

With reference to the marine sector (Intermarine S.p.A.), consolidated revenues amounted to €17.8 million at 31 March 2020, up by 14.9% compared to the figure of €15.5 million at 31 March 2019, in line with job order planning for the current year.

As regards the property and holding sector, net revenues (equal to €0.1 million) are not particularly comparable with the previous financial year, due to the effects of the COVID-19 health emergency that affected the subsidiary Is Molas S.p.A. and to the effects of the sale of the property of Immsi S.p.A., in Rome, in December 2019, which had generated revenues from lease payments in the first quarter of 2019, equal to approximately €0.6 million.

### ***Operating income before depreciation, amortisation and impairment costs of plant, property and equipment and intangible assets (EBITDA)***

Operating income before amortisation, depreciation and impairment costs of EBITDA amounted to €39.9 million at 31 March 2020, equal to 12.1% of net revenues, down by €11.1 million compared to EBITDA for the first three months of 2019.

The component attributable to the industrial sector (Piaggio group) amounted to €39.8 million, down by €9.7 million compared to the figure at 31 March 2019 (equal to €49.5 million), and accounting for 12.8% of sector net revenues (14.3% in the same period of 2019). The component attributable to the marine sector (Intermarine S.p.A.) was equal to €1.8 million, down by €2.2 million at 31 March 2019. Finally, the component attributable to the real estate and holding sector amounted to a loss of €1.7 million, while in the first three months of 2019 a profit of €0.6 million was recorded.

The main costs of the Immsi Group included personnel costs equal to €60.7 million, basically in line with the figure for the same period of 2019, equal to €61 million (accounting for 18.4% of net revenues, up from 16.8% for the first three months of 2019). The average workforce in the first three months of 2020 (6,706 units) was down compared to the same period of the previous year (6,853 units).

### ***Operating income (EBIT)***

Operating income (EBIT) in the first three months of 2020 amounted to €9 million, equal to 2.7% of net revenues. In the previous year, operating income (EBIT) in the first quarter amounted to €21.1 million, accounting for 5.8% of net revenues.

The component attributable to the industrial sector (Piaggio group) amounted to €10 million, accounting for 3.2% of sector net revenues, down compared to €20.7 million at 31 March 2019. The component attributable to the marine sector (Intermarine S.p.A.) was equal to €0.9 million, compared to €1.3 million at 31 March 2019. Lastly, the component attributable to the property and holding sector was €1.9 million negative, compared to €0.9 million negative in the first three months of the previous year.

Depreciation and amortisation for the period, including impairment costs, totalled €30.9 million (up by €1 million compared to the figure for the first three months of 2019), accounting for 9.4% of net revenues, increasing compared to the same period of 2019 (8.2%), comprising depreciation of plant, property and equipment amounting to €12.6 million (€12.2 million in the first three months of 2019) and amortisation of intangible assets amounting to €18.3 million (€17.7 million in the same period of 2019). In particular, depreciation and amortisation referable to the industrial sector

(Piaggio group) amounted to approximately €29.8 million, up on the figure at 31 March 2019 (€28.9 million), of which 12 million relative to plant, property and equipment, and 17.8 million relative to intangible assets.

No impairment of goodwill was recognised in the first three months of 2020, or in the same period of the previous year, as based on the results forecast by the long-term development plans of Group companies and used in impairment testing carried out at 31 December 2019 and 31 December 2018, no impairment was necessary, as the goodwill was considered as recoverable from future cash flows. The Group considers that at present, despite the exceptional situation caused by the COVID-19 pandemic, the negative effects recorded in the short-term can be recovered in the medium/long-term, as they will not affect the impairment testing of goodwill, that benefits from considerable hedging margins.

Considering that the analyses conducted to estimate the recoverable value for the Immsi Group cash-generating unit were also determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Given the current ongoing difficulty of certain reference and financial markets, the various factors - both internal and external to cash generating units identified - used in making the estimates could be revised in future: the Group will constantly monitor these factors and the possible existence of future impairment losses.

### ***Profit before tax***

Profit before tax at 31 March 2020 amounted to €0.2 million, down considerably compared to the consolidated value in the first three months of the previous year of €10.1 million.

Borrowing costs, net of income and earnings from investments, amounted to €8.8 million in the first three months of 2020, accounting for 2.7% of net revenues, with the contribution from the industrial sector amounting to €4.8 million (€6.4 million in the first three months of 2019), from the marine sector amounting to €0.5 million (€0.4 million in the first three months of 2019) and the remaining amount from the property and holding sector (€3.6 million in the first quarter of 2020 compared to €4.1 million in the same period of the previous year).

Net financial borrowing costs recorded in the first three months of 2020 were therefore down compared to figures for the same period of the previous year (€11 million, 3% of net revenues), mainly due to the reduction in average debt and its lower cost.

### ***Earnings for the period attributable to the Group***

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, at 31 March 2020 recorded a loss of €0.7 million (-0.2% of net revenues for the period), a worsening of €2.5 million compared to the profit of €1.8 million registered in the same period of the previous year (0.5% of net revenues for the period).

Taxes accruing in the period represented a cost of approximately €1.9 million (during the first three months of 2019, a cost of €6.5 million had been recorded): income tax, also in view of requirements of IAS 34, was on average determined, based on the best estimate of the average weighted rate expected for the entire year.



## Earning/(loss) per share

In euros

From continuing and discontinued operations:	31.03.2020	31.03.2019
Basic	(0.002)	0.005
Diluted	(0.002)	0.005
Average number of shares:	340,530,000	340,530,000

Diluted earnings per share correspond to basic profit as there are no potential shares with a diluting effect.

At the end of the reporting period, no gains or losses from assets held for sale or disposal had been recognised.

## Reclassified statement of financial position of the Immsi Group

In thousands of euros	31.03.2020	as a %	31.12.2019	as a %	31.03.2019	as a %
<b>Current assets:</b>						
Cash and cash equivalents	180,015	8.1%	212,596	10.1%	183,932	8.3%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	640,844	28.8%	488,722	23.2%	572,650	25.8%
<b>Total current assets</b>	<b>820,859</b>	<b>36.9%</b>	<b>701,318</b>	<b>33.3%</b>	<b>756,582</b>	<b>34.1%</b>
<b>Non-current assets:</b>						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	848,975	38.1%	848,853	40.2%	837,031	37.8%
Plant, property and equipment	334,711	15.0%	337,988	16.0%	332,122	15.0%
Other assets	221,914	10.0%	220,879	10.5%	291,097	13.1%
<b>Total non-current assets</b>	<b>1,405,600</b>	<b>63.1%</b>	<b>1,407,720</b>	<b>66.7%</b>	<b>1,460,250</b>	<b>65.9%</b>
<b>TOTAL ASSETS</b>	<b>2,226,459</b>	<b>100.0%</b>	<b>2,109,038</b>	<b>100.0%</b>	<b>2,216,832</b>	<b>100.0%</b>
<b>Current liabilities:</b>						
Financial liabilities	518,417	23.3%	461,981	21.9%	493,069	22.2%
Operating liabilities	660,482	29.7%	634,140	30.1%	639,093	28.8%
<b>Total current liabilities</b>	<b>1,178,899</b>	<b>52.9%</b>	<b>1,096,121</b>	<b>52.0%</b>	<b>1,132,162</b>	<b>51.1%</b>
<b>Non-current liabilities:</b>						
Financial liabilities	592,860	26.6%	547,011	25.9%	595,976	26.9%
Other non-current liabilities	83,620	3.8%	91,593	4.3%	103,126	4.7%
<b>Total non-current liabilities</b>	<b>676,480</b>	<b>30.4%</b>	<b>638,604</b>	<b>30.3%</b>	<b>699,102</b>	<b>31.5%</b>
<b>TOTAL LIABILITIES</b>	<b>1,855,379</b>	<b>83.3%</b>	<b>1,734,725</b>	<b>82.3%</b>	<b>1,831,264</b>	<b>82.6%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>371,080</b>	<b>16.7%</b>	<b>374,313</b>	<b>17.7%</b>	<b>385,568</b>	<b>17.4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,226,459</b>	<b>100.0%</b>	<b>2,109,038</b>	<b>100.0%</b>	<b>2,216,832</b>	<b>100.0%</b>

## Analysis of capital invested by the Immsi Group

In thousands of euros	31.03.2020	as a %	31.12.2019	as a %	31.03.2019	as a %
Current operating assets	640,844	46.2%	488,722	38.7%	572,650	41.1%
Current operating liabilities	-660,482	-47.8%	-634,140	-50.2%	-639,093	-45.9%
<b>Net operating working capital</b>	<b>-19,638</b>	<b>-1.4%</b>	<b>-145,418</b>	<b>-11.5%</b>	<b>-66,443</b>	<b>-4.8%</b>
Intangible assets	848,975	61.5%	848,853	67.2%	837,031	60.1%
Plant, property and equipment	334,711	24.2%	337,988	26.8%	332,122	23.8%
Other assets	221,914	16.0%	220,879	17.5%	291,097	20.9%
<b>Capital employed</b>	<b>1,385,962</b>	<b>100.0%</b>	<b>1,262,302</b>	<b>100.0%</b>	<b>1,393,807</b>	<b>100.0%</b>
Non-current non-financial liabilities	83,620	6.1%	91,593	7.3%	103,126	7.4%
Capital and reserves of non-controlling interests	137,657	9.9%	133,883	10.6%	147,283	10.6%
Consolidated shareholders' equity attributable to the Group	233,423	16.8%	240,430	19.0%	238,285	17.1%
<b>Total non-financial sources</b>	<b>454,700</b>	<b>32.8%</b>	<b>465,906</b>	<b>36.9%</b>	<b>488,694</b>	<b>35.1%</b>
<b>Net financial debt</b>	<b>931,262</b>	<b>67.2%</b>	<b>796,396</b>	<b>63.1%</b>	<b>905,113</b>	<b>64.9%</b>

### *Capital employed*

Capital employed at 31 March 2020 amounted to €1,386 million, up by €123.7 million compared to 31 December 2019, while at 31 March 2019 this figure amounted to €1,393.8 million.

Net operating working capital at 31 March 2020 was €19.6 million negative, worse than the figure at 31 December 2019 (€-145.4 million) and at 31 March 2019 (€-66.4 million).

Intangible assets were basically aligned with 31 December 2019 and had increased by €11.9 million compared to 31 March 2019; plant, property and equipment decreased by €3.3 million compared to the figure at the end of 2019, increasing by €2.6 million compared to 31 March 2019.

### **Net financial debt of the Immsi Group**

The net financial debt of the Immsi Group, equal to €931.3 million at 31 March 2020, is analysed below and compared with the same data at 31 December 2019 and at 31 March 2019.

In this respect, it is recalled that - in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" - the indicator, as formulated, represents the items and activities monitored by the Group's management.

In thousands of euros	31.03.2020	31.12.2019	31.03.2019
<b>Short-term financial assets</b>			
Cash and cash equivalents	-180,015	-212,596	-183,932
Financial assets	0	0	0
<b>Total short-term financial assets</b>	<b>-180,015</b>	<b>-212,596</b>	<b>-183,932</b>
<b>Short-term financial payables</b>			
Bonds	11,031	11,022	10,333
Payables due to banks	440,320	382,759	419,276
Amounts due under leases	1,165	1,161	7,666
Amounts due to other lenders	65,901	67,039	55,794
<b>Total short-term financial payables</b>	<b>518,417</b>	<b>461,981</b>	<b>493,069</b>
<b>Total short-term financial debt</b>	<b>338,402</b>	<b>249,385</b>	<b>309,137</b>
<b>Medium/long-term financial assets</b>			
Receivables for loans	0	0	0
Other financial assets	0	0	0
<b>Total medium/long-term financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Medium/long-term financial payables</b>			
Bonds	282,117	282,099	291,721
Payables due to banks	290,564	242,560	280,114
Amounts due under leases	6,569	6,862	23,985
Amounts due to other lenders	13,610	15,490	156
<b>Total medium/long-term financial payables</b>	<b>592,860</b>	<b>547,011</b>	<b>595,976</b>
<b>Total medium/long-term financial debt</b>	<b>592,860</b>	<b>547,011</b>	<b>595,976</b>
<b>Net financial debt *)</b>	<b>931,262</b>	<b>796,396</b>	<b>905,113</b>

\*) The measure includes financial assets and liabilities arising from *fair value* measurements of the financial derivatives used for hedging, the fair value adjustment of the relative hedged items equal to €6,946 thousand (€7,264 thousand and €9,041 thousand at 31 December 2019 and 31 March 2019 respectively) and relative accruals and deferrals.

At 31 March 2020, the Group had increased its net debt compared to 31 March 2019 by approximately €26.1 million: this change is mainly reflected in the higher short-term net debt, only partially offset by a lower medium/long-term debt.

The increase in the Group's net financial debt at 31 March 2020 of approximately €134.9 million compared to the end of 2019 is mainly due to global purchases of raw materials and semi-finished goods to guarantee production during lockdown in various geographic areas, neutralising any temporary closures of suppliers of Group companies and in particular of Piaggio. Moreover, the seasonality of the two-wheeler market absorbs resources in the first part of the year and generates them in the second half.

### ***Investments***

The Group's gross investments at 31 March 2020 totalled €29.4 million compared to €29.7 million in the first three months of 2019 (of which 28.5 million referred to the Piaggio group). These investments refer to intangible assets for 18.9 million (20.3 million in the first three months of 2019) and to plant, property and equipment for €10.6 million (compared to €9.4 million in the same period of the previous year).

## Cash flow statement of the Immsi Group

In thousands of euros	31.03.2020	31.03.2019
<b>Operating activities</b>		
Profit before tax	162	10,141
Depreciation of plant, property and equipment (including investment property)	12,575	12,212
Amortisation of intangible assets	18,349	17,545
Provisions for risks and for severance indemnity and similar obligations	3,941	4,749
Write-downs (reversals of fair value measurements)	972	686
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	2	7
Financial income	(606)	(1,025)
Borrowing costs	10,407	11,740
Amortisation of grants	(972)	(913)
Change in working capital	(115,500)	(12,814)
Change in non-current provisions and other changes	(19,034)	(30,142)
<b>Cash generated from operating activities</b>	<b>(89,704)</b>	<b>12,186</b>
Interest paid	(6,455)	(6,328)
Taxes paid	(7,500)	(11,043)
<b>Cash flow from operations</b>	<b>(103,659)</b>	<b>(5,185)</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash and cash equivalents	(217)	(148)
Investment in plant, property and equipment (including investment property)	(10,555)	(9,411)
Sale price, or repayment value, of plant, property and equipment (including investment property)	45	2
Investments in intangible assets	(18,889)	(20,255)
Sale price, or repayment value, of intangible assets	1	6
Collected interests	668	216
Sale price from assets held for sale or disposal	(61)	(2)
Grants received	352	581
Other changes	0	2
<b>Cash flow from investing activities</b>	<b>(28,656)</b>	<b>(29,009)</b>
<b>Financing activities</b>		
Loans received	125,973	59,993
Outflow for repayment of loans	(23,654)	(42,754)
Repayment of finance leases and for rights of use	(2,344)	(393)
<b>Cash flow from financing activities</b>	<b>99,975</b>	<b>16,846</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>(32,340)</b>	<b>(17,348)</b>
<b>Opening balance</b>	<b>212,055</b>	<b>195,968</b>
Exchange differences	(785)	3,490
<b>Closing balance</b>	<b>178,930</b>	<b>182,110</b>

The table shows the changes in cash and cash equivalents at 31 March 2020 which total €180 million (€212.6 million at 31 December 2019) including short-term bank overdrafts equal to €1.1 million (€0.5 million at 31 December 2019).

## Total shareholders' equity and equity attributable to the Immsi Group

In thousands of euros	Shareholders' equity shareholders' Group	Capital and reserves attributable to non- controlling interests	Total consolidated equity attributable to the Group and to non-controlling interests
<b>Balances at 1 January 2019</b>	<b>234,986</b>	<b>144,389</b>	<b>379,375</b>
Other changes	(30)	(118)	(148)
Net comprehensive earnings for the period	3,329	3,012	6,341
<b>Balances at 31 March 2019</b>	<b>238,285</b>	<b>147,283</b>	<b>385,568</b>

In thousands of euros	Shareholders' equity shareholders' Group	Capital and reserves attributable to non- controlling interests	Total consolidated equity attributable to the Group and to non-controlling interests
<b>Balances at 1 January 2020</b>	<b>240,430</b>	<b>133,883</b>	<b>374,313</b>
Other changes	(4,854)	4,637	(217)
Net comprehensive earnings for the period	(2,153)	(863)	(3,016)
<b>Balances at 31 March 2020</b>	<b>233,423</b>	<b>137,657</b>	<b>371,080</b>

## Human resources

At 31 March 2020, the Immsi Group employed 6,857 staff, of which 71 were in the property and holding sector, 6,522 in the industrial sector (Piaggio group) and 264 in the marine sector (Intermarine S.p.A.).

The following tables divide resources by category and geographic segment:

### Human resources by category

numbers	31.03.2020	31.03.2020	31.03.2020	31.03.2020
	Property sector and holding	Industrial sector	Marine sector	Group total
Senior management	4	105	6	115
Middle managers and white-collar workers	36	2,369	149	2,554
Blue-collar workers	31	4,048	109	4,188
<b>TOTAL</b>	<b>71</b>	<b>6,522</b>	<b>264</b>	<b>6,857</b>
numbers	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	Property sector and holding	Industrial sector	Marine sector	Group total
Senior management	5	100	7	112
Middle managers and white collars	35	2,378	147	2,560
Blue-collar workers	29	4,037	113	4,179
<b>TOTAL</b>	<b>69</b>	<b>6,515</b>	<b>267</b>	<b>6,851</b>
numbers	Changes			
	Property sector and holding	Industrial sector	Marine sector	Group total
Senior management	-1	5	-1	3
Middle managers and white collars	1	-9	2	-6
Blue-collar workers	2	11	-4	9
<b>TOTAL</b>	<b>2</b>	<b>7</b>	<b>-3</b>	<b>6</b>

### Human resources by geographic segment

numbers	31.03.2020	31.03.2020	31.03.2020	31.03.2020
	Property sector and holding	Industrial sector	Marine sector	Group total
Italy	71	3,348	264	3,683
Rest of Europe	0	144	0	144
Rest of the World	0	3,030	0	3,030
<b>TOTAL</b>	<b>71</b>	<b>6,522</b>	<b>264</b>	<b>6,857</b>
numbers	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	Property sector and holding	Industrial sector	Marine sector	Group total
Italy	69	3,324	267	3,660
Rest of Europe	0	179	0	179
Rest of the World	0	3,012	0	3,012
<b>TOTAL</b>	<b>69</b>	<b>6,515</b>	<b>267</b>	<b>6,851</b>
numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	2	24	-3	23
Rest of Europe	0	-35	0	-35
Rest of the World	0	18	0	18
<b>TOTAL</b>	<b>2</b>	<b>7</b>	<b>-3</b>	<b>6</b>

The workforce at 31 December 2019 was basically stable. The Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

For further information on Group employees (such as remuneration and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section on the Social Dimension in the Consolidated Non-Financial Statement at 31 December 2019 prepared pursuant to Legislative Decree 254/2016.

## Directors' comments on operations

As already stated, in the first three months of 2020, the Immsi Group was affected by the impact of the COVID-19 global health emergency which developed during the second part of the quarter. Final results for the period have different trends with reference to the various sectors comprising the Group, based on business trends and the different impact of seasonality.

### Property and holding sector

In thousands of euros	31.03.2020	as a %	31.03.2019	as a %	Change	as a %
Net revenues	104		961		-857	-89.2%
Operating income before depreciation and amortisation (EBITDA)	-1,686	n/m	-619	n/m	-1,067	-172.4%
Operating income (EBIT)	-1,933	n/m	-866	n/m	-1,067	-123.2%
Profit before tax	-5,490	n/m	-4,997	n/m	-493	-9.9%
Earnings for the period including non-controlling interests	-5,131	n/m	-4,776	n/m	-355	-7.4%
Group earnings for the period (which may be consolidated)	-2,464	n/m	-2,561	n/m	97	3.8%
Net debt	-323,137		-379,305		60,825	16.0%
Personnel (number)	71		86		-15	-17.4%

Overall, the **property and holding sector** reported a net loss for consolidation purposes of €2.5 million in the first three months of 2020, compared to a net loss for consolidation purposes of €2.6 million in 2019. Net debt for the sector amounted to €323.1 million (compared with €317.6 million and €379.3 million at 31 December 2019 and 31 March 2019 respectively).

The operating outlook of main companies belonging to the sector in the first three months of 2020 is described below, with reference to the separate financial statements of each company (therefore including intergroup eliminations).

The **Parent Company Immsi S.p.A** reported a negative EBIT of €0.7 million in the first quarter of 2020 (decreasing compared to the loss of €0.2 million recorded in the first three months of the previous year), affected by the absence of revenues in the quarter for the rental to third parties of the property in Rome sold at the end of 2019, while the net profit of €0.3 million, up on the loss of €0.2 million at 31 March 2019, was mainly due to the higher net financial income generated.

In preparing this Interim Report on Operations at 31 March 2020, the Parent Company did not carry out any specific impairment testing on the carrying amount of investments held in companies consolidated on a line-by-line basis, as these investments and any changes resulting from relative impairment tests would have been eliminated in full during consolidation.

The net financial position at 31 March 2020 amounted to €5.6 million positive, down compared to €12.5 million positive at 31 December 2019, mainly because of the capital consolidation of the subsidiaries RCN Finanziaria S.p.A. and ISM Investimenti S.p.A. with reserves for the subscription of future capital increases through waivers of financial receivables with subsidiaries.

As regards initiatives in the **property sector** and in particular with reference to the subsidiary **Is Molas S.p.A.**, work site activities relative to the construction of the first 15 villas and first section of primary services were completed and the company handed over the four finished mock-up villas

and the remaining 11 villas at an advanced construction stage, so that potential customers could select the flooring and interior finishes. The company considered renting mock-up villas to enable end customers, including investors, to better understand the product and its services. At the same time, the company is continuing marketing activities to identify buyers, also at international level. Revenues from the tourist/hospitality industry and golfing in the first three months of 2020 (equal to €0.1 million) due to the effects of the pandemic were reduced by approximately €0.3 million compared to the amount posted in the same period of the previous year. In terms of margins, the company recorded an operating loss of approximately €1.1 million and a net loss for consolidation purposes equal to €1.4 million, down on the figure recorded for the same period of 2019. Net debt of the company amounted to €70.1 million, with a cash flow absorption of €1.8 million compared to 31 December 2019 (when it stood at €68.3 million) due to net cash flows used by operations.

With reference to the Pietra Ligure project, activities aimed at identifying potential parties interested in development of the Project continued.

The net result for consolidation purposes of **Pietra S.r.l.** in the first quarter of 2020 posted a substantial break-even position, in line with the same period of the previous year, and net financial debt amounted to €2.7 million and was unchanged compared to 31 December 2019.

The loss for consolidation purposes of **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l. and which incorporates the property complex of Pietra Ligure with the related urban planning permissions and agreements, amounted to €0.1 million, as in the first three months of 2019, and net financial debt increased, from €1.6 million to €2.3 million.

With reference to the subsidiary **Apuliae S.r.l.** no further information is available in addition to comments in the Directors' Report on Operations and Financial Statements of the Immsi Group at 31 December 2019, to which reference is made. At 31 March 2020, the company posted a substantial break-even position, with net financial debt unchanged from 31 December 2019 and amounting to €0.8 million negative.

Other companies in the property and holding sector include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds 72.51% and Intermarine S.p.A. is the sole member, recorded a net loss for consolidation purposes for the Immsi Group of approximately €1 million and net financial debt of €124.2 million at 31 March 2020, basically unchanged compared to the figure at 31 December 2019;
- **ISM Investimenti S.p.A.** was held 72.64% by Immsi S.p.A. in terms of voting rights and 92.59% by the parent company Is Molas S.p.A. at 31 March 2020. Considering the different equity rights of the two shareholders and analysis of impairment testing, the consolidated portion of shareholders' equity of ISM Investimenti S.p.A. was estimated to be 41.81% at 31 March 2020. ISM Investimenti S.p.A. posted a net loss for consolidation purposes for the Immsi Group equal to approximately €1 million, basically aligned with the same period of 2019 and net financial debt at 31 March 2020, equal to €129.2 million, down compared to the figure at 31 December 2019 (equal to approximately €132 million).

## Industrial sector

In thousands of euros	31.03.2020	as a %	31.03.2019	as a %	Change	as a %
Net revenues	311,358		346,190		-34,832	-10.1%
Operating income before depreciation and amortisation (EBITDA)	39,811	12.8%	49,465	14.3%	-9,654	-19.5%
Operating income (EBIT)	10,012	3.2%	20,669	6.0%	-10,657	-51.6%
Profit before tax	5,223	1.7%	14,243	4.1%	-9,020	-63.3%
Earnings for the period including non-controlling interests	3,134	1.0%	7,834	2.3%	-4,700	-60.0%
Group earnings for the period (which may be consolidated)	1,574	0.5%	3,932	1.1%	-2,358	-60.0%
Net debt	-548,619		-476,409		-72,210	-15.2%
Personnel (number)	6,522		6,425		97	1.5%

At 31 March 2020, the Piaggio group had sold 117,100 vehicles worldwide (140,400 in the first quarter of 2019). Sales in Asia Pacific two-wheeler increased (+3.5%), which partly mitigated the downturn in sales in the EMEA and Americas area (-8.3%) and India (-28.5%), caused by the health crisis already referred to.

Consolidated net revenues of the Piaggio group amounted to €311.4 million down by 10.1% compared to €346.2 million at 31 March 2019, because of the lockdown of most dealers worldwide, from early March onwards.

EBITDA was equal to €39.8 million at 31 March 2020, down by 19.5% (-18.5% at constant exchange rates) compared to €49.5 million at 31 March 2019. The EBITDA margin was equal to 12.8% (14.3% at 31 March 2019).

The operating income (EBIT) amounted to €10 million, down by 51.6% compared to the figure of €20.7 million at 31 March 2019. The EBIT margin was equal to 3.2% (6% at 31 March 2019).

Profit before tax amounted to €5.2 million, down by 63.3% compared to €14.2 million at 31 March 2019. Income taxes for the period amounted to €2.1 million, equivalent to 40% of profit before tax.

In the first quarter of 2020, the Piaggio group recorded a net profit of €3.1 million (€7.8 million in the first quarter of 2019).

Net financial debt at 31 March 2020 amounted to €548.6 million. At 31 March 2019, net financial debt had been equal to €476.4 million, while at 31 December 2019, financial debt of the Piaggio group had been equal to €429.7 million. The increase of approximately €118.9 million compared to the end of the year was mainly due to global purchases of raw materials and semi-finished goods to guarantee production during lockdowns in various geographic areas, neutralising any temporary closures of the Group's suppliers. Moreover, the seasonality of the two-wheeler market absorbs resources in the first part of the year and generates them in the second half.



## Marine sector

In thousands of euros	31.03.2020	as a %	31.03.2019	as a %	Change	as a %
Net revenues	17,847		15,536		2,311	14.9%
Operating income before depreciation and amortisation (EBITDA)	1,809	10.1%	2,194	14.1%	-385	-17.5%
Operating income (EBIT)	931	5.2%	1,340	8.6%	-409	-30.5%
Profit before tax	429	2.4%	895	5.8%	-466	-52.1%
Earnings for the period including non-controlling interests	216	1.2%	540	3.5%	-324	-60.0%
Group earnings for the period (which may be consolidated)	157	0.9%	392	2.5%	-235	-60.0%
Net debt	-59,506		-49,399		-10,107	-20.5%
Personnel (number)	264		270		-6	-2.2%

With reference to the income data of the **marine sector** (Intermarine S.p.A.), during the first three months of 2020, net sales revenues (consisting of turnover and changes in work in progress) amounted to €17.8 million, compared to €15.5 million in the same period of 2019. Production progress, including research and development, and the completion of constructions and deliveries, concerned in particular:

- the Defence division, with €12.8 million (11.9 million in the first three months of 2019), mainly for progress in Guardia di Finanza (Italian financial police) job orders, the refitting of the Gaeta class mine sweepers for the Italian Navy, the high-speed, multi-functional naval units for the Italian Navy, and for the second and third integrated mine sweeper platform with an Italian industry operator;
- the Fast Ferries and Yacht divisions, with a total of €5 million (€3.6 million in the first quarter of 2019), mainly due to activities at the Messina shipyard including production of the CP3000 job order.

In view of the above, an operating income (EBIT) of 0.9 million Euro was recorded for the first three months of 2020, down by approximately €0.4 million compared to the same period of the previous year (when an income of €1.3 million was recorded). As regards profit before tax, a figure of €0.4 million was recorded (compared to a profit of €0.9 million in the same period of 2019), while the net loss for consolidation purposes for the Immsi Group amounted to €0.2 million at 31 March 2020, compared to a profit of €0.4 million the same period of the previous year.

The orders portfolio at 31 March 2020 amounted to 96 million and referred to:

- the Italian Navy, for the Gaeta refitting programme of €17 million,
- the Italian Navy, for a contract for 2 very high-speed multi-functional naval vessels for €5 million,
- the Guardia di Finanza for €3 million,
- integrated mine sweeper platforms for an Italian operator for €61 million,
- a contract with the Ministry of Infrastructure and Transport - Harbour Offices for €9 million.

The contract with the Ministry of Infrastructure and Transport - Harbour Offices was formalised on 3 April 2019 for two CP 3000 patrol units, for €13.5 million, as well as an option that the Ministry may exercise, for an additional unit at a price already set at €6.5 million.

In the first months of 2020, the company also pursued all the possibilities to contain structural costs and business activities in all business operations of the company in search of favourable business opportunities.

In equity terms, net financial debt, equal to €59.5 million at 31 March 2020 had increased on the balance at 31 December 2019, equal to €49 million, and the balance of €49.4 million at 31 March 2019.

## Events subsequent to 31 March 2020 and outlook

During the first few months of 2020, a factor of macro-economic stability came to the fore, connected with the spread of COVID-19, which initially affected economic activity in China and then other countries. As can be seen from quarterly data available on world economic performance, this factor has had a considerable impact on global prospects for future growth, affecting the general macroeconomic framework and financial and property markets, despite initial decisions already taken by international authorities to support the recovery.

As regards the **industrial sector**, at present, due to the valuations made based on available information, it is not possible to determine with sufficient reliability any impacts that may affect the company's business sector in 2020, also in view of the fact that the emergency may have an important impact on the mobility choices of individuals when towns and cities and workplaces have opened up again.

At this time of general uncertainty, the Piaggio group will continue to work to meet all commitments and objectives and to continue to support its customers and dealers as far as possible.

In terms of technology, the Piaggio group will continue to seek new solutions for the problems of current and future mobility, through the work of Piaggio Fast Forward (Boston) and the new frontiers of the design by the PADc (Piaggio Advanced Design Center) in Pasadena.

In general, Piaggio is fully committed to limiting any temporary productivity losses due to the coronavirus emergency, increasing its focus on the efficiency of costs and investments, while complying fully with the Group's ethical principles.

With reference to the **marine sector**, in economic and financial terms, it is not possible at present to predict how the health emergency will unfold and what the impacts will be on the economy.

In 2020, Intermarine will continue to development production for acquired job orders, with the aim of continuing the capital consolidation measures of recent years. Management will continue to take all actions to keep costs down, and will carry out all activities necessary to obtain further job orders enabling it to increase its orders portfolio.

As regards **the property sector and tourist/hospitality industry**, like the Group's other reference sectors, it is hard to predict possible developments in the health emergency; in particular for Is Molas, it has not been possible to predict the negative financial impacts that may affect the summer tourist season and business negotiations to develop property initiatives underway, considering that this emergency could attenuate in the next few months depending on the containment measures adopted.