PRESS RELEASE

IMMSI GROUP: FIRST QUARTER 2020

In the first quarter of 2020, the Immsi Group reported a consolidated break-even before tax, despite the objective difficulties created by the pandemic. The results for the first three months reflect differing trends among the Group sectors as a result of different business dynamics and the effects of seasonality. The parent company Immsi S.p.A. had positive cash flows and cut net debt by 71.8 million euro from the first quarter of 2019.

- **Consolidated net sales 329.3 million euro** (-9.2%, 362.7 €/mln at 31.03.2019)
- **Ebitda 39.9 million euro** (51 €/mln at 31.03.2019)
  Ebitda margin 12.1% (14.1% at 31.03.2019)
- **Ebit 9 million euro** (21.1 €/mln at 31.03.2019)
  Ebit margin 2.7% (5.8% at 31.03.2019)
- **Pre-tax profit of 0.2 million euro, before tax of 1.9 million euro**
- **Consolidated net loss of 0.7 million euro** (profit of 1.8 €/mln at 31.03.2019)
- **The Immsi Group consolidated net financial position of -931.3 €/mln was largely due to increased global purchases of raw materials and semifinished products at the Piaggio Group to resolve possible delays in global supplies as a result of the various lockdowns** (-905.1 €/mln at 31.03.2019)
- **The parent company Immsi S.p.A. had a positive net financial position of 5.6 €/mln** (debt of 66.2 €/mln at 31.03.2019)
- **Capital expenditure 29.4 million euro** (29.7 €/mln at 31.03.2019)

Mantua, 14 May 2020 – 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 2020.

Immsi Group financial and business performance at 31 March 2020

Consolidated net sales at 31 March 2020 totalled **329.3 million euro**, a decrease of 9.2% from 362.7 million euro in the year-earlier period.

Immsi Group consolidated **Ebitda** amounted to **39.9 million euro,** down 21.8**%** from 51 million euro at 31 March 2019. The **Ebitda margin was 12.1%** (14.1% at 31 March 2019).

Consolidated Ebit was 9 million euro (21.1 million euro at 31 March 2019). The **Ebit margin was 2.7%** (5.8% at 31 March 2019).

Pre-tax profit was 0.2 million euro (10.1 million euro at 31 March 2019), to which **taxes of 1.9 million euro were applied.**

Including minority interests the Group posted a net loss of 1.8 million euro (profit of 3.6 €/mln at 31 March 2019).

The **consolidated net loss** was 0.7 million euro (profit of 1.8 million euro at 31 March 2019).

Immsi Group net financial debt at 31 March 2020 was 931.3 million euro. This compared with net debt of 905.1 million euro at 31 March 2019 and 796.4 million euro at 31 December 2019. **The increase from the end of 2019 was largely due to global purchases of raw materials and semi-finished products to guarantee production during the lockdowns in the different regions and neutralise any temporary shutdowns of suppliers to Group companies, specifically Piaggio.** Furthermore, the two-wheeler business is subject to seasonal trends, absorbing resources in the first half of the year and generating resources in the second half.

In 2020, Immsi Group **capital expenditure amounted to 29.4 million euro,** substantially unchanged from 29.7 million euro at 31 March 2019.

At 31 March 2020 the parent company Immsi S.p.A. had net cash inflows, which improved its net financial position by 71.8 million euro, from debt of 66.2 million euro in the first quarter of 2019 to cash of 5.6 million euro at 31 March 2020.

<u>Performance of the Immsi Group businesses at 31 March 2020</u>

Industrial Sector: Piaggio Group

At 31 March 2020, **Piaggio Group** consolidated net sales totalled 311.4 million euro (-10.1%); consolidated Ebitda was 39.8 million euro, with an Ebitda margin of 12.8%; Ebit was 10 million euro, with an Ebit margin of 3.2%; net profit was 3.1 million euro. Operating management absorbed the overheads at the production plants in Europe, India and Asia, which were affected by the health regulations introduced for the prevention of Covid-19.

At 31 March 2020 the Piaggio Group had net financial debt of 548.6 million euro, up from the end of 2019 for the reasons outlined above in the section on net financial debt.

During the first quarter, the Piaggio Group sold 117,100 vehicles worldwide.

Naval Sector: Intermarine S.p.A.

At 31 March 2020, the subsidiary **Intermarine S.p.A.** had consolidated net sales of 17.8 million euro (+14.9% from 15.5 million euro at 31 March 2019); Ebitda of 1.8 million euro (Ebitda margin 10.1%); Ebit of 0.9 million euro (Ebit margin 5.2%); net profit of 0.2 million euro. Specifically, net sales consisted of 12.8 million euro in the Military Sector and 5 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

The Real Estate and Holding sector had net sales of 0.1 million euro in the first quarter of 2020.

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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Significant events in and after the first quarter of 2020

Supplementing the information published above or at the time of approval of the 2019 draft financial statements (directors' meeting of 25 March 2020), this section illustrates key events in and after the first quarter of 2020.

In compliance with the measures announced by the Italian Prime Minister on 21 March 2020, production in the Piaggio Group's Italian factories was suspended from Monday 23 March 2020 to 3 May 2020. After introducing a wide range of procedures and measures to ensure maximum protection for worker health, on Monday 4 May the Piaggio Group re-opened its factories in Italy [Piaggio (Pontedera - Pisa), Aprilia (Noale and Scorzè - Venice) and Moto Guzzi (Mandello del Lario – Lecco)], and on Monday 11 May its factory in Baramati, India. Consequently all the Piaggio Group production plants around the world are now operational.

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Outlook

During the early months of 2020 a situation of macroeconomic instability emerged with the spread of Covid-19, affecting economic activities initially in China and subsequently in the other countries.

As reflected in the first figures on world economic performance in the first quarter, this instability is having a significant impact on the global growth outlook, influencing general macroeconomic conditions and the financial and real estate markets, despite the first decisions that have already been taken by the world authorities to support the recovery.

In the **Industrial Sector**, after making the necessary valuations using the information available, at the present time it is not possible to determine the possible effects on business during 2020 with a sufficient degree of reliability, also in view of the fact that the emergency could have an important impact on the mobility decisions of individuals as cities and workplaces re-open.

In this situation of general uncertainty, the Piaggio Group will continue to work to meet its commitments and objectives and offer full support for its customers and dealers.

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

At a general level, Piaggio confirms its commitment to containing possible momentary losses of productivity caused by the Coronavirus emergency by continuing to pay close attention to cost and investment efficiency, consistently with the Group's ethical principles.

In the **naval sector**, as regards the business and financial situation it is not currently possible to forecast the possible trend in the health emergency and the impact on the economy.
In 2020 Intermarine will continue to carry forward production work on contracts, in order to strengthen the financial consolidation that has been underway in recent years. Management will continue to take all measures to contain costs and all necessary action to acquire new contracts with a view to expanding the order book.

In the **real estate and tourism/hospitality sector**, as for the other Group businesses, it is difficult to make forecasts about possible developments in the health emergency; specifically for Is Molas it is not possible to foresee the adverse financial and business effects that could affect the summer tourism season and commercial negotiations for the development of property initiatives, considering that the emergency could ease in the coming months as a result of the measures taken to contain the virus.

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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 EU Regulation 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 million 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 TUF (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) 1052/1052 ("**Regulation 1052**") enacting the MAR and the practices allowed by Consob compliantly with art. 13 MAR, where applicable (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 2021.

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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 2019 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 accrued on loans and financial liabilities relating to discontinued operations. The schedules in the interim report as at and 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 drawing up the Interim Report on Operations as at and for the first quarter to 31 March 2020, the Immsi Group applied the same accounting policies as those used to draw up the Report on Operations and Financial Statements as at and for the year ended 31 December 2019.

Immsi S.p.A. said that the Interim Report on Operations as at and for the first quarter to 31 March 2020 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 *"Governance/General Meeting/Archive/2020*" and section *"Investors/Financial Reports/2020"*) as required by law.

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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SCHEDULES

Immsi Group reclassified consolidated income statement

In thousands of euro	*31.03.2020*		*31.03.2019*		*Change*	
Net sales	**329,309**	**100%**	**362,687**	**100%**	**-33,378**	**-9.2%**
Cost of materials	197,517	60.0%	210,514	58.0%	-12,997	-6.2%
Cost of services and use of third-party assets	52,241	15.9%	63,605	17.5%	-11,364	-17.9%
Employee expense	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%
Impairment reversals (losses) net of trade and other receivables	-954	-0.3%	-449	-0.1%	-505	-112.5%
Other operating expense	4,128	1.3%	5,013	1.4%	-885	-17.7%
EBITDA	**39,934**	**12.1%**	**51,040**	**14.1%**	**-11,106**	**-21.8%**
Depreciation and impairment property, plant and equipment	12,575	3.8%	12,212	3.4%	363	3.0%
Goodwill impairment	0	-	0	-	0	-
Amortisation and impairment intangible assets with finite life	18,349	5.6%	17,685	4.9%	664	3.8%
EBIT	**9,010**	**2.7%**	**21,143**	**5.8%**	**-12,133**	**-57.4%**
Results of associates	160	0.0%	18	0.0%	142	-
Finance income	6,415	1.9%	3,154	0.9%	3,261	103.4%
Finance costs	15,423	4.7%	14,174	3.9%	1,249	8.8%
PROFIT BEFORE TAX	**162**	**0.0%**	**10,141**	**2.8%**	**-9,979**	**n/s**
Income tax	1,943	0.6%	6,543	1.8%	-4,600	n/s
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**-1,781**	**-0.5%**	**3,598**	**1.0%**	**-5,379**	**n/s**
Profit (loss) for the period from discontinued operations	0	-	0	-	0	-
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**-1,781**	**-0.5%**	**3,598**	**1.0%**	**-5,379**	**n/s**
Minority interests	-1,047	-0.3%	1,835	0.5%	-2,882	n/s
GROUP PROFIT (LOSS) FOR THE PERIOD	**-734**	**-0.2%**	**1,763**	**0.5%**	**-2,497**	**n/s**

Immsi Group reclassified consolidated statement of financial position

In thousands of euro	*31.03.2020*	*in %*	*31.12.2019*	*in %*	*31.03.2019*	*in %*
Current assets:						
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 assets	640,844	28.8%	488,722	23.2%	572,650	25.8%
Total current assets	**820,859**	**36.9%**	**701,318**	**33.3%**	**756,582**	**34.1%**
Non-current assets:						
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%
Property, plant, 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%
Total non-current assets	**1,405,600**	**63.1%**	**1,407,720**	**66.7%**	**1,460,250**	**65.9%**
TOTAL ASSETS	**2,226,459**	**100.0%**	**2,109,038**	**100.0%**	**2,216,832**	**100.0%**
Current liabilities:						
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%
Total current liabilities	**1,178,899**	**52.9%**	**1,096,121**	**52.0%**	**1,132,162**	**51.1%**
Non-current liabilities:						
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%
Total non-current liabilities	**676,480**	**30.4%**	**638,604**	**30.3%**	**699,102**	**31.5%**
TOTAL LIABILITIES	**1,855,379**	**83.3%**	**1,734,725**	**82.3%**	**1,831,264**	**82.6%**
TOTAL SHAREHOLDERS' EQUITY	**371,080**	**16.7%**	**374,313**	**17.7%**	**385,568**	**17.4%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,226,459**	**100.0%**	**2,109,038**	**100.0%**	**2,216,832**	**100.0%**

Immsi Group consolidated statement of cash flows

In thousands of euro	*31.03.2020*	*31.03.2019*
Operating assets		
Profit before tax	162	10,141
Depreciation of tangible assets (including investment property)	12,575	12,212
Amortisation of intangible assets	18,349	17,545
Provision for risks, severance liabilities and similar obligations	3,941	4,749
Impairment losses / (Reversals of impairment losses to fair value)	972	686
Losses / (Gains) on the sale of tangible assets (including investment property)	2	7
Finance income	(606)	(1,025)
Finance costs	10,407	11,740
Amortisation of public grants	(972)	(913)
Change in working capital	(115,500)	(12,814)
Change in non-current provisions and other variations	(19,034)	(30,142)
Cash generated by operating activities	(89,704)	12,186
Interest expense paid	(6,455)	(6,328)
Tax paid	(7,500)	(11,043)
Cash flow relating to operating activities	(103,659)	(5,185)
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	(217)	(148)
Investment in tangible assets (including investment property)	(10,555)	(9,411)
Sale price or redemption value of tangible assets (including investment property)	45	2
Investment in intangible assets	(18,889)	(20,255)
Sale price or redemption value of intangible assets	1	6
Interest collected	668	216
Sale price of discontinued operations	(61)	(2)
Public grants collected	352	581
Other movements	0	2
Cash flow relating to investing activities	(28,656)	(29,009)
Financing activities		
Loans received	125,973	59,993
Outflow for loan repayments	(23,654)	(42,754)
Reimbursement finance leases and rights of use	(2,344)	(393)
Cash flow relating to financing activities	99,975	16,846
Increase / (Decrease) in cash and cash equivalents	(32,340)	(17,348)
Opening balance	212,055	195,968
Exchange differences	(785)	3,490
Closing balance	178,930	182,110