Immsi
Società per Azioni

Share capital 178,464,000 euros fully paid up
Registered office: P.zza Vilfredo Pareto, 3 – 46100 Mantova
Mantova register of companies – Tax code and VAT registration number 07918540019

Interim Report on Operations

30 September 2017

This Interim Financial Report as of 30 September 2017 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.

Contents:

This report was approved by the Board of Directors of Immsi S.p.A. on 13 November 2017 and is available to the public at the registered office of the Company,
in the authorised storage mechanism “eMarket STORAGE” viewable at the web address www.emarketstorage.com and on the website of the Issuer www.immsi.it (section: "Investors/Financial reports/2017")

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholders' resolution of 13 May 2015 and will remain in office until the date the Shareholders' Meeting is convened to approve the financial statements for the year ending 31 December 2017.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Daniele Discepolo	***Deputy Chairman***
Michele Colaninno	***Chief Executive Officer***
Matteo Colaninno	***Director***
Ruggero Magnoni	***Director***
Livio Corghi	***Director***
Rita Ciccone	***Director***
Giovanni Sala	***Director***
Patrizia De Pasquale	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Daniele Girelli	***Statutory Auditor***
Silvia Rodi	***Statutory Auditor***
Gianmarco Losi	***Alternate Auditor***
Elena Fornara	***Alternate Auditor***

EXTERNAL AUDITORS

PricewaterhouseCoopers S.p.A.	***2012 - 2020***

GENERAL MANAGER

Michele Colaninno

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

Daniele Discepolo	***Chairman***
Giovanni Sala	
Rita Ciccone	

NOMINATIONS COMMITTEE

Giovanni Sala	***Chairman***
Daniele Discepolo	
Rita Ciccone	

CONTROL AND RISKS COMMITTEE

Daniele Discepolo	***Chairman***
Giovanni Sala	
Rita Ciccone	

RELATED-PARTIES COMMITTEE

Giovanni Sala	***Chairman***
Rita Ciccone	
Patrizia De Pasquale	

COMPLIANCE COMMITTEE

Marco Reboa	***Chairman***
Alessandro Lai	
Maurizio Strozzi	

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

CEO AND GENERAL MANAGER

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

FINANCIAL REPORTING OFFICER

Andrea Paroli

INVESTOR RELATIONS

Andrea Paroli

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.

Financial highlights of the Immsi Group

In the first nine months of 2017, the Immsi Group showed a significant improvement compared to the same period of the previous year, both in economic and financial terms.
Earnings for the period have different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.
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 as of 30 September 2017

In thousands of euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	3,902		1,057,292		79,794		1,140,988	
Operating income before depreciation and amortisation (EBITDA)	-2,620	n/a	159,031	15.0%	16,550	20.7%	172,961	15.2%
Operating income (EBIT)	-2,972	n/a	69,122	6.5%	14,819	18.6%	80,969	7.1%
Profit before tax	-11,104	n/a	45,015	4.3%	12,433	15.6%	46,344	4.1%
Earnings for the period including non-controlling interests	-10,628	n/a	25,832	2.4%	7,684	9.6%	22,888	2.0%
Group earnings for the period (which may be consolidated)	-6,116	n/a	12,934	1.2%	5,571	7.0%	12,389	1.1%
Net debt	-354,738		-434,783		-53,506		-843,027	
Personnel (number)	94		6,940		275		7,309	

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 as of 30 September 2016

In thousands of euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	4,105		1,031,723		43,533		1,079,361	
Operating income before depreciation and amortisation (EBITDA)	-3,332	n/m	141,524	13.7%	1,334	3.1%	139,526	12.9%
Operating income (EBIT)	-3,704	n/m	60,489	5.9%	492	1.1%	57,277	5.3%
Profit before tax	-14,036	n/m	33,610	3.3%	-1,292	-3.0%	18,282	1.7%
Earnings for the period including non-controlling interests	-12,013	n/m	19,157	1.9%	-1,633	-3.8%	5,511	0.5%
Group earnings for the period (which may be consolidated)	-8,490	n/m	10,230	1.0%	-971	-2.2%	769	0.1%
Net debt	-342,903		-469,536		-82,027		-894,466	
Personnel (number)	93		7,197		277		7,567	

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 measures

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

These measures – 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 2016 and in the periodical quarterly reports of the Immsi Group.

Moreover, the procedures for determining these measures 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 measures have been used:

- **EBITDA**: defined as operating income before amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as reported in the consolidated income statement;

- **Net financial debt**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. The other financial assets and liabilities arising from the valuation at fair value of the derivative financial instruments designated as hedges and the fair value adjustment of the related hedged items do not, however, enter into determining net financial debt. This Report also includes a table detailing the composition of this indicator. In this respect, 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.

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 decree attributed to Consob the possibility to regulate any additional disclosure requirements, compared to the annual financial statements and half-year report, only after an impact assessment that takes account of the guidelines of other EU countries, in most of which the obligation has been abolished for all issuers. 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 Management Records (additional periodic financial information) through the introduction of the new Article 82-ter. The new provisions shall apply from 2 January 2017.
The information in this Report, which includes less detail than required by IAS 34 *Interim Financial Reporting,* should be read together with the Consolidated Financial Statements as of 31 December 2016, prepared according to IFRS.

This Interim Report on Operations as of 30 September 2017, which is not audited, 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.
The disclosure on subsequent events and the outlook is provided later in the specific paragraph of this Report.

The accounting standards adopted in preparing the Interim Report on Operations at 30 September 2017 of the Immsi Group are the same as those used in preparing the Consolidated Financial Statements at 31 December 2016 (to which reference is made), excluding the early adoption of IFRS 9 “*Financial Instruments*” as from 1 January 2017, as resolved by the Board of Directors of Immsi S.p.A. on 12 May 2017, also in order to eliminate the even prospective lack of uniformity in the measurement of financial assets at initial recognition and subsequent measurements, as shown below. In July 2014, the IASB finalised its project to revise the accounting standard for financial instruments, with the issue of the complete version of IFRS 9 “*Financial Instruments*”. In particular, the new provisions of IFRS 9: (i) amend the model that classifies and measures financial assets; (ii) introduce a new method for writing down financial assets that takes account of expected credit losses; and (iii) amend hedge accounting provisions. The provisions of IFRS 9 will be applicable for years commencing on or after 1 January 2018, but early adoption is granted on 1 January 2017.
The main impacts on the financial statements of the Immsi Group arising from the early application of IFRS 9 concern:

- the measurement of financial instruments representing capital not held for trading (i.e. the Immsi S.p.A. investment in UniCredit and Alitalia – Compagnia Aerea Italiana). The new international principle allows the entity to irrevocably choose to present the changes in the fair value of the above-mentioned investments in other comprehensive income. Moreover, IFRS 9 defines the three categories in which financial assets are classified:

a) financial assets measured at amortised cost (AC);
b) financial assets measured at fair-value-through-other comprehensive income (FVTOCI);
c) financial assets measured at fair-value-through-profit-or-loss (FVTPL).

IFRS 9 requires the entity to test the business model relative to financial management and contractual cash flows and classify financial assets accordingly. Under IFRS 9, the requirements for classifying a financial asset at AC or FVTOCI are tested; if a financial asset cannot be classified as either AC or FVTOCI, it is classified as FVTPL. It is also possible to exercise the fair value option, i.e. irrevocably designate a financial asset on initial recognition (which would otherwise be classified at AC or as FVTOCI) as FVTPL, if this classification eliminates or reduces a lack of uniformity in the measurement or recognition that would otherwise result from the measurement of the asset or recognition of relative profit and losses on different bases.

The investments of Immsi S.p.A. in UniCredit and Alitalia – Compagnia Aerea Italiana, following the early adoption of IFRS 9 are recognised as financial assets measured at fair value through other comprehensive income, as resolved by the Board of Directors of Immsi S.p.A. on 12 May 2017. The amounts presented in other comprehensive income will not be subsequently transferred to operating profit, although the entity may transfer accumulated profit or accumulated loss to equity. If the Company had not opted for the early adoption of IFRS 9, it would have recognised a charge for adjustment of the value of the above investments totalling 26.2 million euros, while recognition in the statement of assets and liabilities would have remained unchanged. Immsi has aligned its own procedure to requirements of the new accounting standards;

- the determination of the amortised cost of financial liabilities subject to subsequent retrading. The new international standard requires this value to be redetermined using the original contractual effective interest rate. The amounts presented in other comprehensive income will not be subsequently transferred to operating profit, although the entity may transfer accumulated profit or accumulated loss to equity. The effects arising from the early adoption concern in particular the determination of the amortised cost of the debenture loan issued by Piaggio & C. S.p.A. in 2009 for a total of 150 million euros and refinanced in 2014. The effects arising from the early adoption of the new standard have generated, at balance-sheet level, greater financial liabilities (of 4 million euros), at an income-statement level, fewer borrowing costs (equal to 0.9 million euros - gross tax effect), with a contra entry to shareholders' equity totalling 3.1 million euros, net of the relative tax effect.
- The adoption of a new receivable impairment model. The IASB replaced the incurred loss model of IAS 39 with the expected loss model of IFRS 9. IFRS 9 introduces the "expected loss" logic, which makes it possible to recognise adjustments to receivables in proportion to the increase in risks. This new model classifies financial assets into three categories, each of which corresponds to a different risk level and specific procedures for calculating value adjustments. In particular: i) exposures with a good credit quality or low risk. Value adjustments correspond to expected credit losses that result from default events within 12 months after the reporting date; ii) exposures whose credit rating has significantly deteriorated but that do not have objective evidence of impairment Value adjustments are calculated considering the expected loss of the exposure over its lifetime or the estimate of the current value of losses over the expected life of the financial instrument; iii) all impaired assets, i.e. exposures with objective evidence of impairment and that must be adjusted using the expected loss model. The early adoption of IFRS 9 has had no impact on the property, holding and marine sectors in particular, as the measurement of risk, given the low number of customers, is already based on a name-centric method. In the industrial sector, there has been no impact on the Piaggio group either, which regularly sells most of its trade receivables without recourse, and the most significant positions are already subject to spot measurement by the group.

As for hedge accounting, the new international standard has revised provisions in relation to IAS 39, aligning accounting treatment with risk management activities. As part of the early adoption of IFRS 9, the Group opted to use IAS 39 requirements for 2017.

In May 2014, the IASB and FASB jointly published IFRS 15 "Revenue from Contracts with Customers". The purpose of this standard is to improve reporting on revenues and their comparability between different financial statements. The new standard is applicable in a retrospective manner for years commencing from or after 1 January 2018. Early adoption is possible. The Group has undertaken an in-depth analysis of the different types of contracts. The Management believes that it can make a more reliable assessment of the accounting impacts within the next 6 months.

Below are also the new accounting standards, amendments and interpretations for which the relevant EU bodies have not yet completed the approval process necessary for the adoption of the following accounting principles and amendments:

- In the month of January 2016, the IASB published IFRS 16 "Leases". This new standard will replace the current IAS 17. The main change concerns the accounting by lessees that, according to IAS 17, were required to make a distinction between a financial lease (in the budget) and operating leases (off budget). With IFRS 16, operating leases will be treated for accounting purposes as financial leases. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases. This principal will apply from 1 January 2019. Early application will be possible if IFRS 15 "Revenue from contracts with customers" is jointly adopted.
- In January 2016, the IASB issued an amendment to IAS 12 "Income Taxes". These amendments clarify how to enter active deferred taxes related to debt instruments calculated at *fair value*. These amendments will apply from 1 January 2017.
- In January 2016, the IASB issued an amendment to IAS 7 "Statement of Cash Flows". These amendments to IAS 7 introduce additional information that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will apply from 1 January 2017.
- In June 2016, the IASB issued an amendment to IFRS 2 "Share-based Payment". These amendments clarify how some share-based payments are recognised. These amendments will apply from 1 January 2018.
- In December 2016, the IASB issued an amendment to IAS 40 "Investment Property". These amendments clarify change in use, which is a necessary condition for transfer from/to Investment Property. These amendments will apply from 1 January 2018.
- In September 2016, IASB issued an amendment to IFRS 4 "Insurance Contracts" as regards application of IFRS 9 "Financial Instruments".
  These amendments will enable companies that issue insurance contracts to recognise the volatility that may arise when IFRS 9 is adopted before the new standard on insurance contracts is issued in the statement of comprehensive income rather than in the income statement. It will also allow companies whose main activity is related to insurance contracts to temporarily defer the adoption of IFRS 9 until 2021. Entities that defer the adoption of IFRS 9 will continue to adopt IAS 39. These amendments will apply from 1 January 2018.
- In December 2016, the IASB issued a series of annual amendments to the IFRS 2014 – 2016. The amendments concern: IFRS 12 "Disclosure of interests in other entities" (applicable from 1 January 2017); IFRS 1 "First-time Adoption of International Financial Reporting Standards" (applicable from 1 January 2018); IAS 28 - "Investments in Associates and Joint Ventures" (applicable from 1 January 2018). The amendments clarify, correct or remove redundant text in the associated IFRS standards and they are not expected to have a significant impact on the financial statements or the disclosure.

- In December 2016, the IASB issued the Interpretation IFRIC 22 "Foreign currency transactions and advance consideration". The amendment addresses the exchange rate to be used in transactions and in advances paid or received in foreign currency. The amendment will apply from 1 January 2018.
- In May 2017, 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 June 2017 the IASB published interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" which provides information on how to account for uncertainties over the tax treatment of a given phenomenon in the recognition of income taxes. IFRIC 23 will be effective from 1 January 2019.

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.

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 losses of value.
This document can include forward-looking statements, regarding future events and operational, 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.

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:

Currency	**Spot exchange rate 29 September 2017**	**Average exchange rate first nine months of 2017**	**Spot exchange rate 31 December 2016**	**Average exchange rate first nine months of 2016**
US Dollar	1.1806	1.11403	1.0541	1.11617
Pounds Sterling	0.88178	0.87318	0.85618	0.80304
Indian Rupee	77.0690	72.64485	71.5935	74.91642
Singapore Dollars	1.6031	1.54704	1.5234	1.52975
Chinese Renminbi	7.8534	7.57660	7.3202	7.34662
Croatian Kuna	7.4950	7.44106	7.5597	7.53679
Japanese Yen	132.82	124.68130	123.4	120.95228
Vietnamese Dong	26,573.79	25,119.67675	23,894.71	24,719.21010
Canadian Dollars	1.4687	1.45461	1.4188	1.47459
Indonesian Rupiah	15,988.86	14,852.14198	14,167.1	14,864.99409
Brazilian Real	3.7635	3.53516	3.4305	3.95608

The reclassified Income Statement and Statement of Comprehensive Income relative to the first nine months of 2017 are given below, compared with the same period of 2016, as well as the reclassified Statement of Financial Position as of 30 September 2017, compared with the situation as of 31 December 2016 and 30 September 2016 and the Statement of Cash Flows as of 30

September 2017 compared with the same period of 2016. The Statement of changes in shareholders' equity as of 30 September 2017, compared with figures for the same period of the previous year is also presented.

No non-recurrent, atypical or unusual transactions, as defined by Consob Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006, were recognised for the first nine months of 2017 and 2016.
The Manager in charge of preparing the Company accounts and documents Andrea Paroli, hereby declares, in accordance with paragraph 2 of article 154-*bis* of the Consolidated Finance Act, that accounting disclosure in this document corresponds to accounting records.

Scope of consolidation

For the purposes of consolidation, the financial statements as of 30 September 2017 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 bylaw clauses, or can appoint the majority of the members of the Boards of Directors. Excluded from the line-by-line consolidation are non-operating controlled companies or those with low operating levels as their influence on the final result of the Group is insignificant.
The scope of consolidation compared to the Consolidated Financial Statements at 31 December 2016 has not changed, while compared to 30 September 2016, it has changed as follows:

- in Is Molas S.p.A. a capital increase was subscribed and paid up by the shareholder ISM Investimenti S.p.A. which increased its holding from 89.48% to 92.59%.

This change is limited and did not affect the comparability of the balance sheet and income statement between the two reporting periods.

Lastly, following the sale in August 2017 by the parent company of 1.5 million Piaggio shares, the share of consolidated shareholders' equity of the Piaggio group, which at 30 September 2017 amounted to 50.07%, amounted to 50.48% at 30 September 2016 and 50.49 at 31 December 2016.

Reclassified consolidated financial statements and relative notes

Reclassified income statement of the Immsi Group

In thousands of euros	30.09.2017		30.09.2016		Change	
Net revenues	**1,140,988**	**100%**	**1,079,361**	**100%**	**61,627**	**5.7%**
Costs for materials	643,786	56.4%	610,301	56.5%	33,485	5.5%
Costs for services, leases and rentals	202,654	17.8%	206,402	19.1%	-3,748	-1.8%
Employee costs	178,927	15.7%	176,316	16.3%	2,611	1.5%
Other operating income	78,671	6.9%	74,789	6.9%	3,882	5.2%
Other operating costs	21,331	1.9%	21,605	2.0%	-274	-1.3%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**172,961**	**15.2%**	**139,526**	**12.9%**	**33,435**	**24.0%**
Depreciation and write-downs of plant, property and equipment	34,943	3.1%	34,641	3.2%	302	0.9%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation and impairment of intangible assets with a definite useful life	57,049	5.0%	47,608	4.4%	9,441	19.8%
OPERATING INCOME	**80,969**	**7.1%**	**57,277**	**5.3%**	**23,692**	**41.4%**
Earnings on investments	778	0.1%	480	0.0%	298	-
Financial income	18,417	1.6%	11,511	1.1%	6,906	60.0%
Borrowing costs	53,820	4.7%	50,986	4.7%	2,834	5.6%
PROFIT BEFORE TAX	**46,344**	**4.1%**	**18,282**	**1.7%**	**28,062**	**153.5%**
Taxes	23,456	2.1%	12,771	1.2%	10,685	83.7%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**22,888**	**2.0%**	**5,511**	**0.5%**	**17,377**	**315.3%**
Gain (loss) from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**22,888**	**2.0%**	**5,511**	**0.5%**	**17,377**	**315.3%**
Earnings for the period attributable to non-controlling interests	10,499	0.9%	4,742	0.4%	5,757	121.4%
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**12,389**	**1.1%**	**769**	**0.1%**	**11,620**	**1511.1%**

Statement of comprehensive income of the Immsi Group

	30.09.2017	30.09.2016
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	22,888	5,511
Items that will not be reclassified to profit or loss		
Profit (losses) arising from the fair value measurement of assets and liabilities recognised in the statement of comprehensive income	(21,129)	0
Actuarial gains (losses) on defined benefit plans	1,385	(4,544)
Total	(19,744)	(4,544)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	96	145
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(10,780)	(2,457)
Gains/(Losses) on evaluation at fair value of assets available for sale and property investments	0	(8,547)
Total	(10,684)	(10,859)
Other Consolidated Comprehensive Income (Expense)	(30,428)	(15,403)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	(7,540)	(9,892)
Comprehensive earnings for the period attributable to non-controlling interests	3,939	1,303
COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**(11,479)**	**(11,195)**

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

Net revenues

Consolidated net revenues as of 30 September 2017 amounted to 1,141 million euros, of which 92.7%, equal to 1,057.3 million euros attributable to the industrial sector (Piaggio group), 7%, equal to 79.8 million euros, to the marine sector (Intermarine S.p.A.), and the remaining part, of approximately 3.9 million euros, to the property and holding sector (Immsi S.p.A. and Is Molas S.p.A. net of intergroup eliminations).

With reference to the industrial sector, the Piaggio group recorded net revenues in the first nine months of 2017 equal to 1057.3 million euros, up by 2.5% compared to the same period of 2016, mainly due to the increase in revenues in EMEA, the Americas and India, which more than offset the downturn recorded in Asia Pacific.

With reference to the marine sector (Intermarine S.p.A.), consolidated revenues amounted to nearly 79.8 million euros as of 30 September 2017, up by 83.3% compared to the figure of 43.5 million euros as of 30 September 2016, mainly due to the excellent production performance attributable to the defence division.

As regards the property and holding sector, net revenues as at 30 September 2017 amounted to approximately 3.9 euros, a slight decrease from the figure of about 4.1 million euros in the first nine months of 2016.

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

Operating income before depreciation, amortisation and impairment costs of plant, property and equipment and intangible assets (EBITDA) amounted to 173 million euros as of 30 September 2017, equal to 15.2% of net revenues. Compared to EBITDA for the first nine months of 2016, this figure meant an increase of approximately 33.4 million euros (+24%), following greater contributions from all Group sectors. As of 30 September 2016, EBITDA of the Immsi Group amounted to 139.5 million euros, accounting for 12.9% of net revenues.

The component attributable to the industrial sector (Piaggio group) amounted to 159 million euros, up by 17.5 million euros compared to the figure as of 30 September 2016 (equal to 141.5 million euros), and accounting for 15% of the net revenues of the sector, registering an increase compared to 13.7% for the same period of 2016. The component attributable to the marine sector (Intermarine S.p.A.) was equal to 16.6 euros, a significant improvement compared to 1.3 million euros at 30 September 2016. Finally, the component attributable to the real estate and holding sector amounted to a loss of 2.6 million euros, while in the first nine months of 2016 there was a loss of 3.3 million euros:

The main costs of the Immsi Group included personnel costs of 178.9 million euros, a slight increase from the figure recorded for the same period in 2016, which was 176.3 million euros (accounting for 15.7% of net revenues, down from 16.3% for the first nine months of 2016). The average workforce in the first nine months of 2017 (7,006 units) was down compared to the same period of the previous year (7,396 units).

Operating income (EBIT)

Operating income (EBIT) in the first nine months of 2017 amounted to 81 million euros, equal to 7.1% of net revenues. The increase compared to the same period of the previous year amounted to approx. 23.7 million euros (+41.4%). In the previous year, operating income (EBIT) in the first nine months amounted to 57.3 million euros, accounting for 5.3% of net revenues.

The component attributable to the industrial sector (Piaggio group) amounted to 69.1 million euros, accounting for 6.5% of the net revenues of the sector, up compared to the figure for the first nine months of 2016 (equal to 60.5 million euros, accounting for 5.9% of net revenues). The component attributable to the marine sector (Intermarine S.p.A.) was equal to 14.8 million euros, compared to 0.5 million euros as of 30 September 2016. Finally, the component attributable to the real estate and holding sector was a negative value of 3 million euros, an increase compared to the figure recorded in the first nine months of the previous year (a negative result of 3.7 million euros).

Depreciation and amortisation for the period totalled 92 million euros (up by 9.7 million euros compared to the figure for the first nine months of 2016), accounting for 8.1% of net revenues, and increasing compared to the same period of 2016 (7.6%), comprising depreciation of property, plant and equipment amounting to 34.9 million euros (34.6 million euros in the first nine months of 2016) and amortisation of intangible assets amounting to 57 million euros (47.6 million euros in the same period of 2016). In particular, depreciation and amortisation referable to the industrial sector (Piaggio group) amounted to approximately 89.9 million euros (compared to 81 million euros in the first nine months of 2016), of which 56.1 million relative to intangible assets (47.6 million euros in the same period of 2016), and 33.8 million relative to plant, property and equipment (33.5 million euros in the first nine months of 2016).

No impairment of goodwill was recognised in the first nine months of 2017, or in the same period of the previous year, as based on the results forecast by long-term development plans of Group companies and used in impairment testing carried out as of 31 December 2016 and 31 December 2015, no impairment was necessary, as the goodwill was considered as recoverable from future financial flows. It should be noted, however, that in the first nine months of 2017 no events occurred indicating that such goodwill may have undergone a significant impairment.

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 as of 30 September 2017 amounted to a profit of 46.3 million euros, an improvement compared to a consolidated profit of 18.3 million euros in the first nine months of the previous year.

Borrowing costs, net of income and earnings from investments, amounted to 34.6 million euros in the first quarter of 2017, accounting for 3% of net revenues, with the contribution from the industrial sector amounting to 24.1 million euros (26.9 in the first nine months of 2016), from the marine sector amounting to 2.4 million euros (1.8 in the first nine months of 2016) and from the property and holding sector the remaining amount (8.1 million euros in the first nine months of 2017 compared to 10.3 million in the same period of the previous year).
Net financial borrowing costs recorded in the first nine months of 2017 were slightly down compared to figures for the same period of the previous year, and were equal to 39 million euros (3.6% of net revenues). This reduction is mainly attributable to foreign currency gains, the fall in average debt and cost of debt and the realisation of financial proceeds of approximately 3.35 million euros by the Parent Company on the sale of the option rights attributed to the Unicredit

capital increase in which Immsi SpA did not participate.

Earnings for the period attributable to the Group

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, as of 30 September 2017 amounted to 12.4 million euros (1.1% of net revenues for the period), a clear improvement on earning of 0.8 million euros registered in the same period of the previous year (0.1% of net revenues for the period).

Taxes accruing in the period represented a cost of approx. 23.5 million euros (during the first nine months of 2016 a cost of 12.8 million euros was 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:	*30.09.2017*	*30.09.2016*
Basic	0.036	0.002
Diluted	0.036	0.002
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	30.09.2017	as a %	31.12.2016	as a %	30.09.2016	as a %
Current assets:						
Cash and cash equivalents	190,460	8.8%	197,919	9.1%	154,419	7.1%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	546,969	25.3%	472,518	21.8%	546,422	25.1%
Total current assets	**737,429**	**34.2%**	**670,437**	**31.0%**	**700,841**	**32.2%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	826,366	38.3%	847,059	39.1%	842,917	38.7%
Plant, property and equipment	309,529	14.3%	336,467	15.5%	333,353	15.3%
Other assets	285,046	13.2%	311,524	14.4%	302,185	13.9%
Total non-current assets	**1,420,941**	**65.8%**	**1,495,050**	**69.0%**	**1,478,455**	**67.8%**
TOTAL ASSETS	**2,158,370**	**100.0%**	**2,165,487**	**100.0%**	**2,179,296**	**100.0%**
Current liabilities:						
Financial liabilities	486,404	22.5%	575,022	26.6%	527,707	24.2%
Operating liabilities	646,213	29.9%	554,257	25.6%	615,996	28.3%
Total current liabilities	**1,132,617**	**52.5%**	**1,129,279**	**52.1%**	**1,143,703**	**52.5%**
Non-current liabilities:						
Financial liabilities	547,083	25.3%	529,749	24.5%	521,178	23.9%
Other non-current liabilities	99,838	4.6%	113,901	5.3%	115,805	5.3%
Total non-current liabilities	**646,921**	**30.0%**	**643,650**	**29.7%**	**636,983**	**29.2%**
TOTAL LIABILITIES	**1,779,538**	**82.4%**	**1,772,929**	**81.9%**	**1,780,686**	**81.7%**
TOTAL SHAREHOLDERS' EQUITY	**378,832**	**17.6%**	**392,558**	**18.1%**	**398,610**	**18.3%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,158,370**	**100.0%**	**2,165,487**	**100.0%**	**2,179,296**	**100.0%**

Analysis of capital invested by the Immsi Group

In thousands of euros	30.09.2017	as a %	31.12.2016	as a %	30.09.2016	as a %
Current operating assets	546,969	41.4%	472,518	33.4%	546,422	38.8%
Current operating liabilities	-646,213	-48.9%	-554,257	-39.2%	-615,996	-43.7%
Net operating working capital	**-99,244**	**-7.5%**	**-81,739**	**-5.8%**	**-69,574**	**-4.9%**
Intangible assets	826,366	62.5%	847,059	59.9%	842,917	59.8%
Plant, property and equipment	309,529	23.4%	336,467	23.8%	333,353	23.7%
Other assets	285,046	21.6%	311,524	22.0%	302,185	21.4%
Capital employed	**1,321,697**	**100.0%**	**1,413,311**	**100.0%**	**1,408,881**	**100.0%**
Non-current non-financial liabilities	99,838	7.6%	113,901	8.1%	115,805	8.2%
Capital and reserves of non-controlling interests	155,525	11.8%	159,771	11.3%	161,927	11.5%
Consolidated shareholders' equity attributable to the Group	223,307	16.9%	232,787	16.5%	236,683	16.8%
Total non-financial sources	**478,670**	**36.2%**	**506,459**	**35.8%**	**514,415**	**36.5%**
Net financial debt	**843,027**	**63.8%**	**906,852**	**64.2%**	**894,466**	**63.5%**

Capital employed

Capital employed amounted to 1,321.7 million euros as of 30 September 2017, down by 91.6 million euros compared to 31 December 2016, and by 87.2 million euros compared to 30

September 2016, when it stood at 1,413.3 million euros and 1,408.9 million euros respectively. In particular, compared to the value from the beginning of the year, the negative balance of net working capital increased by 17.5 million euros, mainly due to the seasonality of the two-wheeler market which absorbs resources in the first part of the year and generates them in the second.
Property, plant and equipment and intangible assets on the other hand decreased by 26.9 and 20.7 million euros respectively compared to 31 December 2016 and by 23.8 and 16.6 million euros compared to 30 September 2016.

Net financial debt of the Immsi Group

The net financial debt of the Immsi Group, equal to 843 million euros as of 30 September 2017, is analysed below and compared with the same data as of 31 December 2016 and 30 September 2016.

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	***30.09.2017***	***31.12.2016***	***30.09.2016***
Short-term financial assets			
Cash and cash equivalents	-190,460	-197,919	-154,419
Financial assets	0	0	0
Total short-term financial assets	**-190,460**	**-197,919**	**-154,419**
Short-term financial payables			
Bonds	9,625	9,617	9,617
Payables due to banks	419,039	512,778	464,731
Amounts due for finance leases	1,138	1,114	1,132
Amounts due to other lenders	56,602	51,513	52,227
Total short-term financial payables	**486,404**	**575,022**	**527,707**
Total short-term financial debt	**295,944**	**377,103**	**373,288**
Medium/long-term financial assets			
Receivables for loans	0	0	0
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**0**	**0**
Medium/long-term financial payables			
Bonds	307,585	282,442	281,462
Payables due to banks	229,696	236,319	228,442
Amounts due for finance leases	9,455	10,311	10,595
Amounts due to other lenders	347	677	679
Total medium/long-term financial payables	**547,083**	**529,749**	**521,178**
Total medium-/long-term financial debt	**547,083**	**529,749**	**521,178**
Net financial debt *)	**843,027**	**906,852**	**894,466**

*) 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 11,859 thousand euros (25,837 thousand euros and 22,321 thousand euros as of 31 December 2016 and 30 September 2016 respectively) and relative accruals and deferrals.

As of 30 September 2017 the Group reduced its net debt compared to 30 September 2016 by approx. 51.4 million euros: this decrease is reflected in the increase in readily available funds and the contraction in short-term borrowings, only partially offset by an increase in average medium and long-term debt.
Also compared to the end-2016 figure, there was a reduction in Group net financial debt of approximately 63.8 million euros with a reduction in current financial liabilities only partially offset by an increase in medium- and long-term debt.

Investments

Gross investments as of 30 September 2017 made by the Group totalled 56.4 million euros (66.5 million in the first nine months of 2016) referring nearly entirely to the Piaggio group, of which 38.9 million relative to intangible assets (39 million in the first nine months of 2016) and 17.5 million euros relative to plant, property and equipment (27.5 million euros in the same period of the previous year).

Cash flow statement of the Immsi Group

In thousands of euros	***30.09.2017***	***30.09.2016***
Operating activities		
Profit before tax	46,344	18,282
Depreciation of plant, property and equipment (including investment property)	34,943	34,641
Amortisation of intangible assets	56,244	47,608
Provisions for risks and for severance indemnity and similar obligations	17,740	17,619
Write-downs / (Reversals)	3,120	914
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	(81)	(119)
Losses / (Gains) on the disposal of securities	(3,350)	0
Interest income	(1,305)	(2,287)
Dividend income	(11)	(7)
Interest expense	37,450	38,466
Amortisation of grants	(3,507)	(3,200)
Change in working capital	(3,527)	42,974
Change in non-current provisions and other changes	(13,413)	(31,901)
Cash generated from operating activities	170,647	162,990
Interest paid	(30,087)	(30,628)
Taxes paid	(12,485)	(17,675)
Cash flow from operations	128,075	114,687
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	0	(5,585)
Sale price of subsidiaries, net of cash and cash equivalents	3,567	0
Investments in plant, property and equipment	(17,521)	(27,534)
Sale price, or repayment value, of plant, property and equipment (including investment property)	174	260
Investments in intangible assets	(38,910)	(38,990)
Sale price, or repayment value, of intangible assets	456	0
Collected interests	658	363
Grants received	584	0
Dividends from investments	11	0
Other changes	2,569	4,756
Cash flow from investing activities	(48,412)	(66,730)
Financing activities		
Loans received	140,763	109,609
Outflow for repayment of loans	(208,103)	(130,677)
Financing received for leases	0	12,839
Repayment of finance leases	(842)	(1,307)
Outflow for dividends paid to Parent Company Shareholders	0	(5,107)
Outflow for dividends paid to non-controlling interests	(9,752)	(8,921)
Cash flow from financing activities	(77,934)	(23,564)
Increase / (Decrease) in cash and cash equivalents	1,729	24,393
Opening balance	173,223	104,415
Exchange differences *	(9,008)	(1,047)
Closing balance	165,944	127,761

The table shows the changes in cash and cash equivalents as of 30 September 2017 which total 190.5 million euros (197.9 million as of 31 December 2016) including short-term bank overdrafts equal to 24.5 million euros (24.7 million as of 31 December 2016).

Total shareholders' equity and equity attributable to the Immsi Group

In thousands of euros	*Consolidated shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total Group and non-controlling interests consolidated shareholders' equity*
Balances at 1 January 2016	***265,634***	***162,460***	***428,094***
Distribution of dividends	*(5,107)*	*(8,921)*	*(14,028)*
Other changes	*(12,649)*	*7,085*	*(5,564)*
Net comprehensive earnings for the period	*(11,195)*	*1,303*	*(9,892)*
Balances as of 30 September 2016	***236,683***	***161,927***	***398,610***

In thousands of euros	*Consolidated shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total Group and non-controlling interests consolidated shareholders' equity*
Balances at 1 January 2017	***232,787***	***159,771***	***392,558***
Distribution of dividends	*0*	*(9,752)*	*(9,752)*
Other changes	*1,999*	*1,567*	*3,566*
Net comprehensive earnings for the period	*(11,479)*	*3,939*	*(7,540)*
Balances as of 30 September 2017	***223,307***	***155,525***	***378,832***

Human resources

As of 30 September 2017, the Immsi Group employed 7,309 staff, of which 94 in the property and holding sector, 6,940 in the industrial sector (Piaggio group) and 275 in the marine sector (Intermarine S.p.A.).
The following tables divide resources by category and geographic segment:

Human resources by category

numbers	30.09.2017			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	5	95	7	107
Middle managers and white collars	38	2,332	150	2,520
Manual workers	51	4,513	118	4,682
TOTAL	**94**	**6,940**	**275**	**7,309**

numbers	31.12.2016			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	5	97	8	110
Middle managers and white collars	36	2,330	148	2,514
Manual workers	30	4,279	121	4,430
TOTAL	**71**	**6,706**	**277**	**7,054**

numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	0	-2	-1	-3
Middle managers and white collars	2	2	2	6
Manual workers	21	234	-3	252
TOTAL	**23**	**234**	**-2**	**255**

Human resources by geographic segment

numbers	30.09.2017			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	94	3,492	275	3,861
Rest of Europe	0	178	0	178
Rest of the World	0	3,270	0	3,270
TOTAL	**94**	**6,940**	**275**	**7,309**

numbers	31.12.2016			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	71	3,518	277	3,866
Rest of Europe	0	174	0	174
Rest of the World	0	3,014	0	3,014
TOTAL	**71**	**6,706**	**277**	**7,054**

numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	23	-26	-2	-5
Rest of Europe	0	4	0	4
Rest of the World	0	256	0	256
TOTAL	**23**	**234**	**-2**	**255**

The increase in staff compared to 31 December 2016 (+255) is attributable to the industrial sector (+234) and property sector (+23), for the employment of staff on a seasonal basis and on fixed-term contracts to meet the peak demand of summer months.

Directors' comments on operations

In the first nine months of 2017, the Immsi Group showed a significant improvement compared to the same period of the previous year, both in economic and financial terms.
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	*30.09.2017*	*as a %*	*30.09.2016*	*as a %*	*Change*	*as a %*
Net revenues	3,902		4,105		-203	-4.9%
Operating income before depreciation and amortisation (EBITDA)	-2,620	n/m	-3,332	n/m	712	21.4%
Operating income (EBIT)	-2,972	n/m	-3,704	n/m	732	19.8%
Profit before tax	-11,104	n/m	-14,036	n/m	2,932	20.9%
Earnings for the period including non-controlling interests	-10,628	n/m	-12,013	n/m	1,385	11.5%
Group earnings for the period (which may be consolidated)	-6,116	n/m	-8,490	n/m	2,374	28.0%
Net debt	-354,738		-342,903		-11,835	-3.5%
Personnel (number)	94		93		1	1.1%

Overall, in the first nine months of 2017, the **property and holding sector** reported a loss for consolidation purposes of approx. 6.1 million euros, an improvement over the same period in the previous year (which recorded a loss for consolidation purposes of 8.5 million euros. This improvement is mainly attributable to the recognition of financial proceeds of approximately 3.35 million euros by the Parent Company on the sale of the option rights attributed in the Unicredit capital increase in which Immsi SpA did not participate.
Net debt for the sector amounted to 354.7 million euros, compared with 348.6 million euros and 342.9 million euros as of 31 December 2016 and 30 September 2016 respectively.

The operating outlook of main companies belonging to the sector in the first nine months of 2017 is described below, with reference to the separate financial statements of each company (therefore including intergroup eliminations).

In the first nine months of 2017, the **Parent Company Immsi S.p.A.** posted a negative EBIT of about 0.6 million euros (in line with the first nine months of the previous year) and a net profit amounting to about 13.4 million euros, an increase compared to positive net income of approximately 8.1 million euros in the same period of 2016 mainly due to the balance of financial activities, given by the difference between financial income and charges, which in the first nine months of 2017 benefited from the recognition of 3.35 million euros resulting from the sale of the option rights attributable to the Company in the Unicredit capital increase in which Immsi SpA did not participate, plus the recognition of the 1.6 million euros gain realised on the sale of 1.5 million Piaggio shares.

In preparing this Interim Report on Operations as of 30 September 2017, 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. With reference to the stake in Alitalia - CAI, in relation to the situation highlighted in the Directors' Report and the Financial Statements of the Immsi Group as at 31 December 2016, it should be noted that considering events of recent months relative to the airline company and in particular the compulsory administration ordered in May 2017 and the full write-down of the investment in Alitalia – SAI by Alitalia – CAI, company management decided to reset the carrying amount of 14,778 thousand euros, to zero.
Net financial debt as at 30 September 2017 amounted to 71.9 million euros, down by approximately 7.7 million euros compared to 31 December 2016, mainly as a result of the sale for 3.35 million euros of share option rights arising from the Unicredit capital increase and the sale for 3.6 million euros of 1.5 million Piaggio shares.

Shareholders' equity of the Parent Company Immsi S.p.A. at 30 September 2017 amounted to approximately 366.9 million euros. The decrease compared to the figure at the end of 2016, equal to 370.8 million euros, partially offset by earnings for the period, is attributable mainly to the adjustment of the carrying amount of the UniCredit equity package to the value recorded at 30 September 2017, equal to 2.6 million euros, and the carrying amount of the investment held in Alitalia - Compagnia Aerea Italiana S.p.A., equal to the entire value of assets of 14.8 million euros, being recognised in other comprehensive income. These value adjustments were recognised in the statement of comprehensive income following the early adoption of IFRS 9 as from 1 January 2017, to which reference is made in the section on Form and Content in this Report.

As regards the subsidiary **Is Molas S.p.A.**, it is reported that a share capital increase was signed and paid in 2016 by ISM Investimenti S.p.A., which increased its share from 89.48%, as at 30 September 2016, to 92.59% at 31 December 2016 and 30 September 2017.
With regard to the real estate project in Sardinia, it is noted that the work for the construction of the 15 villas of the Fcn10' sector and of the primary infrastructure works are ongoing. The construction of 4 show villas has been substantially completed and the sales activities aimed at identifying buyers are in progress internationally.
Revenues from tourism/hospitality/golf for the first nine months of 2017 were in line with the same period in 2016 at 2.3 million euros, while in terms of margins, the company recorded an operating loss of approx. 1.9 million euros (compared to a loss of 2.6 million euros in the same period in 2016), and a net loss for consolidation purposes of 1.5 million euros, a slight decline compared to 30 September 2016.
Net debt of the company amounted to 52.4 million euros, with a cash flow absorption of 9.5 million euros compared to 31 December 2016 (when it stood at 42.9 euros): this change consists of the net cash flow absorbed by operations in particular to fund the progress of works for construction of the first lot of 15 villas.

With reference to the Pietra Ligure project, activities aimed at identifying potential parties interested in development of the Project continued.
The net loss for consolidation purposes of **Pietra S.r.l.** in the first nine months of 2017 was 0.1 million euros, in line with the same period of the previous year, while net financial debt remained largely unchanged from 31 December 2016 and amounted to 2.6 million euros. The consolidation result 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, showed a loss of 0.2 million euros, substantially unchanged compared to the first nine months of 2016 and net financial debt was up by 0.4 million euros compared to 31 December 2016 at 0.9 million euros.

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 as at 31 December 2016, to which reference is made. As of 30 September 2017, the company posted a substantial break-even position, with net financial debt in slight deterioration compared to 31 December 2016 and amounting to a negative value of 0.5 million euros. It is noteworthy that during the Shareholders' Meeting held in February 2017, the Directors resolved to transform the company into a Limited Liability Company pending the possible outcome of the disputes and the resumption of business.

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 a 72.51% stake, and sole shareholder of Intermarine S.p.A., reported a net loss for consolidation purposes for the Immsi Group of approximately 2.9 million euros (-2.2 million euros for the first nine months of 2016) and net financial debt at 30 September 2017 of 124.6 million euros, an increase compared to the figure posted at the end of 2016, and mainly due to the recognition of interest accrued on shareholder loans at 30 September 2017 being recognised as financial payables (net of intercompany eliminations).
- **ISM Investimenti S.p.A.** recorded a net loss for consolidation purposes for the Immsi Group of approximately 3.3 million euros (with a 0.7 million euros downturn compared to the same period of 2016), and net financial debt at 30 September 2017 equal to 101.8 million euros, up by approximately 0.8 million euros compared to the figure at 31 December 2016. The company, which is the parent of Is Molas S.p.A., with a 92.59% stake at the end of September, is an investee of Immsi S.p.A. which holds a 72.64% share and of IMI Investimenti S.p.A. that holds 27.36% in terms of voting rights. In this regard, considering the different equity rights of the two shareholders established by the co-investment and shareholders agreement signed at the time of the initial investment as supplemented and amended in 2013 - the portion of shareholders' equity of ISM Investimenti S.p.A. consolidated by Immsi S.p.A. was estimated to be 60.39% at 30 September 2017, unchanged compared to the end of 2016.

Industrial sector

In thousands of euros	***30.09.2017***	***as a %***	***30.09.2016***	***as a %***	***Change***	***as a %***
Net revenues	1,057,292		1,031,723		25,569	2.5%
Operating income before depreciation and amortisation (EBITDA)	159,031	15.0%	141,524	13.7%	17,507	12.4%
Operating income (EBIT)	69,122	6.5%	60,489	5.9%	8,633	14.3%
Profit before tax	45,015	4.3%	33,610	3.3%	11,405	33.9%
Earnings for the period including non-controlling interests	25,832	2.4%	19,157	1.9%	6,675	34.8%
Group earnings for the period (which may be consolidated)	12,934	1.2%	10,230	1.0%	2,704	26.4%
Net debt	-434,783		-469,536		34,753	7.4%
Personnel (number)	6,940		7,197		-257	-3.6%

In the first nine months of 2017, the Piaggio group sold 426,700 vehicles worldwide, registering an increase of approximately 3.7% in volumes compared to the first nine months of the previous year, when 411,700 vehicles were sold. Sales were up in India (+5.1%) and in EMEA and the Americas (+4.6%), driven above all by volumes in Europe (+5.5%), while sales of vehicles in Asia Pacific 2W declined (-3.3%). As regards product type, the increase in sales of two-wheeler vehicles (+12.4%) more than offset the downturn in commercial vehicles (-12,3%).

In terms of consolidated turnover, equal to 1,057.3 million euros the group closed the first nine months of 2017 with higher net revenues compared to the same period in 2016 (+2.5%). Based on geographic segments, revenues increased in EMEA and the Americas (+3.7%) and in India (+2.1%; -0.9% at constant exchange rates) which more than offset the downturn in Asia Pacific (-2.6%; -1.7% with constant exchange rates).
As for product type, the increase in turnover from two-wheeler vehicles (+5.7%) considerably made up for the fall in revenues recorded for Commercial Vehicles (-5.4%). As a result, the percentage of two-wheeler vehicles accounting for overall turnover rose from 70.8% in the first nine months of 2016 to the current figure of 73%; conversely, the percentage of Commercial Vehicles accounting for overall turnover fell from 29.2% in the first nine months of 2016 to the current figure of 27%.

Consolidated operating income before depreciation and amortisation (EBITDA) for the first nine months of 2017 improved compared to the same period of the previous year and was equal to 159 million euros (141.5 million euros in the first nine months of 2016). In relation to turnover, EBITDA went up by 1.3% compared to the first nine months of 2016, to 15%. In terms of Operating Income (EBIT), the performance of the year in progress has also improved with consolidated EBIT of 69.1 million euros; in relation to turnover, EBIT amounted to 6.5%, also an improvement compared to 5.9% for the same period of the previous year.

The result of financing activities improved compared to the corresponding period of the previous year by 2.8 million euros, with net charges amounting to 24.1 million euros (26.9 million euros in the first nine months of 2016). The positive result of currency operations and reduction in average debt and relative costs contributed most to this improvement, partially offset by a lower capitalisation of borrowing costs compared to the same period of the previous year.

Net profit stood at 25.8 million euros (2.4% of turnover), up on the figure for the same period of the previous year, which was equal to 19.2 million euros (1.9% of turnover). Taxation on profit before taxes is estimated to be equal to 43% and is determined based on the average expected tax rate for the entire year.

The portion of net profit which may be consolidated for the Immsi Group in the first nine months of 2017 amounted to 12.9 million euros (a significant improvement compared to the figure for the same period of the previous year of 10.2 million euros).

Net financial debt as at 30 September 2017 was equal to 434.8 million euros, compared to 469.5 million euros as at 30 September 2016 ad 491 million euros as at 31 December 2016. The decrease of approximately 56.2 million euros compared to the beginning of the year is mainly due to the seasonal nature of two-wheelers which, as is well-known, use resources in the first part of the year and generate them in the second half.
In particular, the flows that generated financial resources are detailed below:

- the operating cash flow amounted to +112.8 million euros (+104.4 million euros in the first nine months of 2016);
- working capital dynamics generated a cash flow of 19.9 million euros (16.6 million euros in the first nine months of 2016);
- investing activities absorbed a total of 43.4 million euros (62.1 million euros in the first nine months of 2016); and
- changes in shareholders' equity absorbed 29.1 million euros (compared to 30.3 million euros in the first nine months of 2016).

Marine sector

In thousands of euros	*30.09.2017*	*as a %*	*30.09.2016*	*as a %*	*Change*	*as a %*
Net revenues	79,794		43,533		36,261	83.3%
Operating income before depreciation and amortisation (EBITDA)	16,550	20.7%	1,334	3.1%	15,216	n/m
Operating income (EBIT)	14,819	18.6%	492	1.1%	14,327	n/m
Profit before tax	12,433	15.6%	-1,292	-3.0%	13,725	n/m
Earnings for the period including non-controlling interests	7,684	9.6%	-1,633	-3.8%	9,317	n/m
Group earnings for the period (which may be consolidated)	5,571	7.0%	-971	-2.2%	6,542	n/m
Net debt	-53,506		-82,027		28,521	34.8%
Personnel (number)	275		277		-2	-0.7%

With reference to the income data of the **marine sector** (Intermarine S.p.A.), during the first nine months of 2017, net sales revenues (consisting of sales and changes in work in progress) amounted to 79.8 million euros, compared to 43.5 million euros in the corresponding period of 2016. This increase consolidated the positive trend following on from the completion of Intermarine's turnaround, and is the result of operations overseen by management in recent years and a growing international recognition of the company's state-of-the-art engineering with a high technological content, above all in its military division. Production progress, including research and development, and the completion of constructions and deliveries, concerned in particular:

- the Defence division, with 73.3 million euros (41.2 million in the first nine months of 2016), mainly due to progress in the order for construction of two integrated minesweeper platforms as sub-contractor in a contract with a leading company operating in the field and in the processing relating to the construction of a naval platform in a contract with an Asian shipyard;
- the *Fast Ferries* and *Yacht* divisions, with a total of 6.5 million euros (2.3 million during the first nine months of 2016), mainly for repairs of civil ships and planning and preparatory work for the construction of 2 high-speed units for the Italian Navy. In the Fast Ferries and Yacht sector, no significant sales contracts for new and previously owned vessels were acquired.

In view of the above, an operating income (EBIT) of 14.8 million euros was recorded for the first nine months of 2017, improving by 14.3 million euros compared to the same period of the previous year (when this figure stood at 0.5 million euros). As regards profit before tax, a positive value of 12.4 million euros was recorded (compared to a negative value of 1.3 million euros in the same period of 2016) while the net profit for consolidation purposes for the Immsi Group as at 30 September 2017 amounted to 5.6 million euros, compared to a loss of 1 million euros recorded in the same period of the previous year.

In 2017, 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.
The total value of the orders portfolio of the company amounted to 236 million euros as at 30 September 2017, referring nearly entirely to the remaining part of existing contracts, which still needs to be developed in terms of production value.

From an equity point of view, the net financial debt of 53.5 euros as at 30 September 2017 fell by 13.8 million euros compared to the balance at 31 December 2016, equal to 67.3 million euros and a marked improvement also compared to 82 million euros as at 30 September 2016.

Events occurring after 30 September 2017 and operating outlook

As regards the operating outlook of the Immsi Group, with reference to the subsidiary **Is Molas S.p.A.**, the company will proceed with the urban infrastructure works and works for completion of the first phase of 15 villas, along with the sales activities of the same.

As far as the **industrial sector** is concerned, in a macroeconomic context in which the global economic recovery will probably strengthen, but is still weighed by uncertainties over the pace of growth in Europe and risks of a slowdown in some countries in Far East Asia, the group is committed, in commercial and industrial terms, to:

- confirm its leadership position on the European two-wheeler market, optimally levering expected recovery by:
  - further consolidating its product range;
  - current positions on the European commercial vehicles market will be maintained;
- consolidating operations in Asia Pacific, thanks also to the opening of new Motoplex stores, exploring new opportunities in countries in the area, always paying particular attention to the premium segment of the market;
- boosting sales of the scooters on the Indian market, thanks to the Vespa range and success of the new Aprilia SR 150;
- increasing the penetration of commercial vehicles in India and sales in emerging countries, targeting a further development of exports to African and Latin American markets.

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 Europe, the Group's Research and Development Centres traditionally more focussed on defining and manufacturing new products, will target the development of technologies and platforms that emphasize the functional and emotional aspects of vehicles, with constant updates to engines and in particular electric engines, a sector where Piaggio has been a pioneer since the mid-nineteen seventies.

More in general, the group is committed - as in recent years and for operations in 2017 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

With reference to the **marine sector** (Intermarine S.p.A.), it is pointed out that– in the current context of a global economic crisis – the company aims to grow significantly in the Defence sector, which does not appear to be experiencing the same problems as the pleasure craft and passenger transport markets. During 2017, a steady focus will be maintained on international sales, and in particular on Asian and European countries, as well as proactive management of orders acquired in countries of the Mediterranean area.
Management will also rigorously monitor the progress of production of the contracts in place and will pursue all opportunities to contain direct, indirect and overhead costs.
In financial terms, financial exposure is expected to be in line with forecasts for the final quarter of the year; based on payments received in advance and milestones of new contracts, financial flows at an annual level will make it possible to pay advances to suppliers for the development of new production and settle most trade payables.