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

31 March 2018

This Interim Financial Report as of 31 March 2018 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 document was approved by the Board of Directors of Immsi S.p.A. on 10 May 2018
and can be consulted by the general public at the registered office of the Company,
via the authorized storage mechanism “eMarket STORAGE” on the website www.emarketstorage.com
or on the website of the Issuer www.immsi.it (under "Investors/Financial reports/2018")

COMPANY BOARDS

(Situation prior to the resolution of the shareholders' meeting of 10 May 2018)

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***

INDEPENDENT AUDITORS

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

GENERAL DIRECTOR

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

COMPANY BOARDS

(Situation after the resolution of the shareholders' meeting of 10 May 2018)

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

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Giovanni Barbara	***Statutory Auditor***
Maria Luisa Castellini	***Statutory Auditor***
Gianmarco Losi	***Alternate Auditor***
Elena Fornara	***Alternate Auditor***

INDEPENDENT AUDITORS

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

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Paola Mignani	
Patrizia De Pasquale	

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Marco Reboa	***Chairman***
Giovanni Barbara	
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 three months of 2018, the Immsi Group saw a continuation of the trend in recent years of improving performance and finances, particularly in the industrial and marine sectors.
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.

The Immsi Group as at 31 March 2018

In thousands of euros	*Sector property and holding*	*as a %*	*Sector industrial*	*as a %*	*Sector marine*	*as a %*	*Group Immsi*	*as a %*
Net revenues	726		312,312		19,581		332,619	
Operating income before depreciation and amortisation (EBITDA)	-786	n/m	43,205	13.8%	3,084	15.7%	45,503	13.7%
Operating income (EBIT)	-906	n/m	14,496	4.6%	2,543	13.0%	16,133	4.9%
Profit before tax	-4,820	n/m	6,951	2.2%	2,225	11.4%	4,356	1.3%
Earnings for the period including non-controlling interests	-4,618	n/m	3,961	1.3%	1,485	7.6%	828	0.2%
Group earnings for the period (which may be consolidated)	-2,753	n/m	1,983	0.6%	1,077	5.5%	307	0.1%
Net debt	-367,188		-502,937		-56,472		-926,597	
Personnel (number)	79		6,632		270		6,981	

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 at 31 March 2017

In thousands of euros	*Sector property and holding*	*as a %*	*Sector industrial*	*as a %*	*Sector marine*	*as a %*	*Group Immsi*	*as a %*
Net revenues	722		309,124		21,829		331,675	
Operating income before depreciation and amortisation (EBITDA)	-537	n/m	41,196	13.3%	4,798	22.0%	45,457	13.7%
Operating income (EBIT)	-658	n/m	10,947	3.5%	4,220	19.3%	14,509	4.4%
Profit before tax	-1,187	n/m	2,468	0.8%	3,425	15.7%	4,706	1.4%
Earnings for the period including non-controlling interests	-1,097	n/m	1,481	0.5%	2,103	9.6%	2,487	0.7%
Group earnings for the period (which may be consolidated)	390	n/m	748	0.2%	1,525	7.0%	2,663	0.8%
Net debt	-350,611		-532,391		-67,941		-950,943	
Personnel (number)	73		6,470		280		6,823	

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 2017 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. Net financial debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and the fair value adjustment of related hedged items or the accrued interest payable on loans received. The tables in this Report include a table with items of the Statement of Financial Position used to determine 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 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 disclosure on subsequent events and the outlook is provided later in the specific paragraph of this Report.

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company has indicated fewer details than required by IAS 34 – Interim Financial Reporting.
The information in this Report should be read together with the Consolidated Financial Statements as at 31 December 2017, prepared according to IFRS.

The reclassified Income Statement and Statement of Comprehensive Income relating to the first quarter of 2018 are set out below, compared to the same period in 2017, plus the reclassified Statement of Financial Position as at 31 March 2018, compared to the situation as at 31 December 2017 and 31 March 2017 as well as the Statement of Cash Flow as at 31 March 2018 compared to the same period in 2017. The Statement of changes in shareholders’ equity as at 31 March 2018, 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 recorded for the first quarter of 2018 and 2017.
The financial reporting officer 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.

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:

	Spot exchange rate at 30 March 2018	Average exchange rate first three months of 2018	Spot exchange rate at 29 December 2017	Average exchange rate first three months of 2017
US Dollar	1.2321	1.22921	1.1993	1.06480
Pounds Sterling	0.87490	0.883372	0.88723	0.86009
Indian Rupee	80.2960	79.12637	76.6055	71.28420
Singapore Dollars	1.6158	1.62102	1.6024	1.50804
Chinese Renminbi	7.7468	7.81544	7.8044	7.33527
Croatian Kuna	7.4323	7.43800	7.44	7.46682
Japanese Yen	131.15	133.16619	135.01	121.01385
Vietnamese Dong	27,848.75	27,719.04938	26,934.34	24,007.37631
Canadian Dollars	1.5895	1.55396	1.5039	1.41012
Indonesian Rupiah	16,969.71	16,676.38683	16,260.11	14,214.14569
Brazilian Real	4.0938	3.98865	3.9729	3.34676

This Interim Report on Operations as at 31 March 2018, which is not audited, was drafted pursuant to Italian Legislative Decree 58/1998 as amended, and to the Consob Regulation on Issuers and includes reclassified consolidated financial statements and notes drawn up adopting the IFRS issued by the *International Accounting Standards Board* ("IASB") and endorsed by the European Union. The interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC") were also taken into account.
In drawing up the Interim Report on Operations as at 31 March 2018, the Immsi Group applied the same accounting standards used for the Consolidated Financial Statements as at 31 December 2017 (which should be consulted for any details) except as explained below.

<u>New accounting standards, amendments and interpretations applied as from 1 January 2018</u>

In May 2014, the IASB and FASB jointly published IFRS 15 "Revenue from Contracts with Customers". The new standard is applicable in a retrospective manner for years commencing from or after 1 January 2018. Early adoption is possible. IFRS 15 sets out the requirements for recognising revenues, introducing an approach whereby revenue is only recognised if contractual obligations have been met in full. According to the standard, revenue is recognised based on the following five steps:

- identify the contract;
- identify individual obligations;
- determine the transaction price;
- allocate the transaction price to individual obligations based on their "market price" ("stand-alone selling price");
- show revenue allocated to the individual obligation where it is settled, i.e. when the customer acquires control of the goods and/or services.

The Group carried out an in-depth analysis of the various cases present in the individual companies. In particular, the Piaggio group verified the various types of sales contracts for 2/3/4-wheelers, spare parts, accessories and components with dealers, importers and direct clients which represent the most significant portion, as well as the type of contracts with less economic impact (for example royalties). Following this analysis, the group concluded that there is no significant impact from the adoption of the new standard, as the most significant component of revenue will continue to be recognised in line with previous accounting guidelines.

One exception concerns some scheduled maintenance programmes and extended warranty plans after the legal warranty period (sold together with the vehicle) which, according to the new standard, comprise separate performance obligations and, as such, shall be identified and recognised separately from vehicle revenue. Until now these scheduled maintenance / extended warranty plans have been limited and mainly refer to the Vietnamese market.
Other differences in approach concern different ways of representing revenues, without however impacting results, and refer to a different way of classifying some types of bonuses paid to dealers, consumer financing plans, procedures for representing funds returned by customers (only applicable for the US market in which there is a legal obligation to buy back the vehicle from dealers in certain conditions). The cumulative impact of these effects reduced revenues as at December by an amount equal to approximately €10 million. The effect on results is however negligible, given the current contractual structure.
With reference also to the subsidiary Intermarine, the outcome of the in-depth analysis of its order book and the economic impacts of the adoption of IFRS 15, was that the new standards will have a negligible effect because the most significant revenue items will continue to be shown as before, in line with the previous accounting standards. Given the complexity of Intermarine agreements, which have numerous legal, operational and financial aspects, the subsidiary will continue to monitor these matters and the related application of IFRS 15.

The amendments applicable from 1 January 2018, with no significant impact within the Group, include: i) amendment to IFRS 2 “Share-based payments” (the changes clarify how to recognise share-based payments in the accounts); ii) amendment to IAS 40 “Investment Property” (the changes clarify that the alteration of the purpose of the building is a requirement for transfer from/to Investment Property); iii) annual amendments to IFRS 2014–2016: the relevant amendment concerns IAS 28 “Investments in associates and joint ventures” (the changes clarify, correct or remove superfluous text in the related IFRS).

As stated, the Group adopted IFRS 9 "Financial Instruments” in advance from 1 January 2017 as decided by the Board of Directors of Immsi S.p.A. on 12 May 2017 in order to eliminate the lack of uniformity now and in the future of the initial recognition and subsequent measurements of financial assets. 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. 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 Group availed of the option not to recalculate balances from the previous periods.

Accounting standards amendments and interpretations not yet adopted

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

• 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 finance lease (on balance sheet) and an operating leases (off balance sheet). 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.

The Piaggio group, the only part of the Immsi Group with this type of leasing, is setting up a work team to assess its potential impacts.

Accounting standards amendments and interpretations not yet applicable

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

• In May 2017, 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 December 2016, the IASB issued IFRIC Interpretation 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 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.

Scope of consolidation

For the purposes of consolidation, the financial statements as at 31 March 2018 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 at 31 March 2018 was unchanged compared to the consolidated financial statements as at 31 December 2017, which compared to 31 March 2017 it had the following changes:

- with reference to the holding of the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., in light of the different rights derived from ownership of the two shareholders and the analysis of the impairment test, the portion of consolidated shareholders' equity of ISM

Investimenti S.p.A. is estimated at 51.55% as at 31 December 2017, down from 60.39% on 31 March 2017;

- the portion of consolidated shareholders equity of the Piaggio group, which stood at 50.07% as at 31 March 2018, was 50.49% on 31 March 2017: the decrease is due to the disposal in August 2017 by the Parent Company of 1.5 million shares in Piaggio;
- the investment in Rodriquez Mexico, a non-operating company controlled by Intermarine S.p.A. was disposed of at the end of 2017.

These changes are limited and did not affect the comparability of the balance sheet and income statement between the two reporting periods.

For details of the structure of the Immsi Group, see the table annexed to the Notes to the Financial Statements as at 31 December 2017, understood to be reproduced in full here.

Reclassified consolidated financial statements and relative notes

Reclassified income statement of the Immsi Group

In thousands of euros	*31.03.2018*		*31.03.2017*		*Change*	
Net revenues	**332,619**	**100%**	**331,675**	**100%**	**944**	**0.3%**
Costs for materials	185,836	55.9%	182,238	54.9%	3,598	2.0%
Costs for services, leases and rentals	60,245	18.1%	60,365	18.2%	-120	-0.2%
Employee costs	57,548	17.3%	59,347	17.9%	-1,799	-3.0%
Other operating income	21,436	6.4%	22,851	6.9%	-1,415	-6.2%
Other operating costs	4,923	1.5%	7,119	2.1%	-2,196	-30.8%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**45,503**	**13.7%**	**45,457**	**13.7%**	**46**	**0.1%**
Depreciation and write-downs of plant, property and equipment	11,386	3.4%	11,960	3.6%	-574	-4.8%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation and impairment of intangible assets with a definite useful life	17,984	5.4%	18,988	5.7%	-1,004	-5.3%
OPERATING INCOME	**16,133**	**4.9%**	**14,509**	**4.4%**	**1,624**	**11.2%**
Earnings on investments	67	0.0%	352	0.1%	-285	-
Financial income	4,309	1.3%	5,178	1.6%	-869	-16.8%
Borrowing costs	16,153	4.9%	15,333	4.6%	820	5.3%
PROFIT BEFORE TAX	**4,356**	**1.3%**	**4,706**	**1.4%**	**-350**	**-7.4%**
Taxes	3,528	1.1%	2,219	0.7%	1,309	59.0%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**828**	**0.2%**	**2,487**	**0.7%**	**-1,659**	**-66.7%**
Gain (loss) from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**828**	**0.2%**	**2,487**	**0.7%**	**-1,659**	**-66.7%**
Earnings for the period attributable to non-controlling interests	521	0.2%	-176	-0.1%	697	396.0%
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**307**	**0.1%**	**2,663**	**0.8%**	**-2,356**	**-88.5%**

Statement of comprehensive income of the Immsi Group

	31.03.2018	**31.03.2017**
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	828	2,487
Items that will not be reclassified to profit or loss		
Gains/(losses) on the fair value measurement of assets and liabilities recognised in the statement of comprehensive income	390	(3,595)
Actuarial gains (losses) on defined benefit plans	(834)	1,027
Total	(444)	(2,568)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	212	466
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(4,341)	2,004
Total	(4,129)	2,470
Other Consolidated Comprehensive Income (Expense)	(4,573)	(98)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	(3,745)	2,389
Comprehensive earnings for the period attributable to non-controlling interests	(1,953)	1,547
COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	(1,792)	842

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

Net revenues

Consolidated net revenues as at 31 March 2018 amounted to € 332.6 million, including 93.9% or € 312.3 million attributable to the industrial sector (Piaggio group), 5.9% or € 19.6 million, to the marine sector (Intermarine S.p.A.), and the remaining part, of approximately € 0.7 million, 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, in the first three months of 2018, the Piaggio group recorded net revenues of € 312.3 million, up 1% on the same period in 2017, due mainly to increased income in India more than offsetting the lower revenues in the EMEA area and the Americas. At constant exchange rates, the increase in turnover is about € 20 million (+6.7%).

With reference to the marine sector (Intermarine S.p.A.), consolidated revenues as at 31 March 2018 amounted to € 19.6 million, down 10.3% on the 21.8 million euros as at 31 March 2017 in line with the current order book.

With reference to the property and holding sector, net revenues as at 31 March 2018, of about € 0.7 million, were equal to that of the first three months of 2017.

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 € 45.5 million as at 31 March 2018, equal to 13.7% of net revenues, in line with EBITDA for the first three months of 2017.

The component attributable to the industrial sector (Piaggio group) amounted to € 43.2 million, up € 2 million on the figure as at 31 March 2017 (€ 41.2 million), and accounting for 13.8% of net revenues for the sector, against 13.3% for the same period in 2017. The portion attributable to the marine sector (Intermarine S.p.A.) is € 3.1 million, down on € 4.8 million on 31 March 2017. Finally, the component attributable to the real estate and holding sector amounted to a loss of € 0.8 million, while in the first three months of 2017 there was a profit of € 0.5 million:

The main costs of the Immsi Group included € 57.5 million for personnel, down slightly on the same period in 2017, when it was € 59.3 million (amounting to 17.3% of net revenues, down from 17.9% in the first three months of 2017). Average staff numbers in the first quarter of 2018 (6,942 units) was slightly up on the same period the previous year (6,906 units).

Operating income (EBIT)

Operating income (EBIT) in the first three months of 2018 amounted to € 16.1 million, equal to 4.9% of net revenues. The increase on the same period of the previous year was about € 1.6 million (+11.2%). In the previous year, operating income (EBIT) in the first three months amounted to € 14.5 million, 4.4% of net revenues.

The portion attributable to the industrial sector (the Piaggio group) amounted to € 14.5 million, or 4.6% of net revenues for the sector, up on the € 10.9 million as at 31 March 2017. The portion attributable to the marine sector (Intermarine S.p.A.) was € 2.5 million, down on € 4.2 million on 31 March 2017. Finally, the component attributable to the real estate and holding sector was a negative value of € 0.9 million, a slight deterioration compared to the € -0.7 million recorded in the first quarter of the previous year.

Amortisation/depreciation in the period amounted to € 29.4 million (€ 1.6 million down on the first three months of 2017), or 8.8% of net revenues, down from 9.3% in the same period in 2017, including the depreciation of plant, property and equipment in the amount of € 11.4 million (€ 12 million in the first quarter of 2017) and the amortisation of intangible assets in the amount of € 18 million (€ 19 million in the same period in 2017). In particular, depreciation and amortisation relating to the industrial sector (Piaggio group) amounted to approximately € 28.7 million (compared to € 30.2 million in the first three months of 2017), including € 17.7 million related to intangible assets (€ 18.7 million in the same period of 2017), and € 11 million relating to property, plant and equipment (€ 11.5 million in the first three months of 2017).

No impairment of goodwill was recognised in the first three months of 2018, or in the same period of the previous year, since the results forecast on the basis of long-term development plans for Group companies as used in the impairment tests carried out as at 31 December 2017 and 31 December 2016, no write-down was necessary, goodwill being deemed recoverable from future financial flows. It should be noted, however, that in the first quarter of 2018 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 at 31 March 2018 amounted to € 4.4 million, slightly down on the consolidated profit of € 4.7 million in the first three months of the previous year.

Borrowing costs, net of income and earnings from investments, amounted to € 11.8 million in the first three months of 2018, or 3,6% of net revenues, with a contribution from the industrial sector of € 7.5 million (€ 8.5 million in the first three months of 2017), from the marine sector of € 0.3 million (€ 0.8 million in the first three months of 2017) and the remainder from the property and holding sector (€ 3.9 million in the first quarter of 2018 compared to € 0.5 million in the same period the previous year).
Net financial borrowing costs in the first three months of 2018 were up on the same period the previous year at € 9.8 million (3% of net revenues), due mainly to financial proceeds at the beginning of 2017 of about € 3.35 million for the Parent Company from the sale of the option rights for the increase of UniCredit share capital not taken up by Immsi S.p.A. Net of this positive revenue component, profit before tax in Q1 2018 was up € 3 million on the same period in 2017.

Earnings for the period attributable to the Group

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, as at 31 March 2018 amounted to € 0.3 million (0.1% of net revenues for the period), down on the earnings of € 2.7 million recorded in the same period of the previous year (0.8% of net revenues for the period) due also to the financial proceeds received at the beginning of 2017, as illustrated above. Net of this item, 2017 stood at € -0.7 million, with an increase in the first quarter of 2018 of about € 1 million.

Tax for the period amounted to a cost of about € 3.5 million (€ 2.2 million in the first three months of 2017): income tax, also in view of requirements of IAS 34, was on average determined, based on the best estimate of the average weighted rate expected for the entire year.

Earning/(loss) per share

In euros

From continuing and discontinued operations:	*31.03.2018*	*31.03.2017*
Basic	0.001	0.008
Diluted	0.001	0.008
Average number of shares:	340,530,000	340,530,000

Diluted earnings per share correspond to basic profit as there are no potential shares with a diluting effect.
At the end of the reporting period, no gains or losses from assets held for sale or disposal had been recognised.

Reclassified statement of financial position of the Immsi Group

In thousands of euros	*31.03.2018*	*as a %*	*31.12.2017*	*as a %*	*31.03.2017*	*as a %*
Current assets:						
Cash and cash equivalents	129,659	6.1%	138,949	6.8%	137,769	6.3%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	592,010	27.8%	484,439	23.7%	552,109	25.4%
Total current assets	**721,669**	**33.9%**	**623,388**	**30.5%**	**689,878**	**31.7%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	823,090	38.7%	826,198	40.5%	841,126	38.7%
Plant, property and equipment	298,422	14.0%	307,343	15.1%	332,598	15.3%
Other assets	284,169	13.4%	284,650	13.9%	310,912	14.3%
Total non-current assets	**1,405,681**	**66.1%**	**1,418,191**	**69.5%**	**1,484,636**	**68.3%**
TOTAL ASSETS	**2,127,350**	**100.0%**	**2,041,579**	**100.0%**	**2,174,514**	**100.0%**
Current liabilities:						
Financial liabilities	426,972	20.1%	426,527	20.9%	465,588	21.4%
Operating liabilities	609,037	28.6%	577,028	28.3%	580,138	26.7%
Total current liabilities	**1,036,009**	**48.7%**	**1,003,555**	**49.2%**	**1,045,726**	**48.1%**
Non-current liabilities:						
Financial liabilities	629,284	29.6%	571,342	28.0%	623,124	28.7%
Other non-current liabilities	95,113	4.5%	95,993	4.7%	110,716	5.1%
Total non-current liabilities	**724,397**	**34.1%**	**667,335**	**32.7%**	**733,840**	**33.7%**
TOTAL LIABILITIES	**1,760,406**	**82.8%**	**1,670,890**	**81.8%**	**1,779,566**	**81.8%**
TOTAL SHAREHOLDERS' EQUITY	**366,944**	**17.2%**	**370,689**	**18.2%**	**394,948**	**18.2%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,127,350**	**100.0%**	**2,041,579**	**100.0%**	**2,174,514**	**100.0%**

Analysis of capital invested by the Immsi Group

In thousands of euros	*31.03.2018*	*as a %*	*31.12.2017*	*as a %*	*31.03.2017*	*as a %*
Current operating assets	592,010	42.6%	484,439	36.5%	552,109	37.9%
Current operating liabilities	-609,037	-43.9%	-577,028	-43.5%	-580,138	-39.8%
Net operating working capital	**-17,027**	**-1.2%**	**-92,589**	**-7.0%**	**-28,029**	**-1.9%**
Intangible assets	823,090	59.3%	826,198	62.3%	841,126	57.7%
Plant, property and equipment	298,422	21.5%	307,343	23.2%	332,598	22.8%
Other assets	284,169	20.5%	284,650	21.5%	310,912	21.3%
Capital employed	**1,388,654**	**100.0%**	**1,325,602**	**100.0%**	**1,456,607**	**100.0%**
Non-current non-financial liabilities	95,113	6.8%	95,993	7.2%	110,716	7.6%
Capital and reserves of non-controlling interests	147,114	10.6%	149,066	11.2%	161,318	11.1%
Consolidated shareholders' equity attributable to the Group	219,830	15.8%	221,623	16.7%	233,630	16.0%
Total non-financial sources	**462,057**	**33.3%**	**466,682**	**35.2%**	**505,664**	**34.7%**
Net financial debt	**926,597**	**66.7%**	**858,920**	**64.8%**	**950,943**	**65.3%**

Capital employed

Capital employed amounted as at 31 March 2018 to € 1,388.7 million, up on 31 December 2017 by € 63.1 million and on 31 March 2017 by € 68 million, when it stood at € 1,325.6 million and € 1,456.6 million respectively. In particular, compared to the value from the beginning of the year, the negative balance of net working capital decreased by € 75.6 million, largely due to the increase in current operating assets, 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, which more than offset the increase in current operating liabilities.
Property, plant and equipment and intangible assets on the other hand were down by € 8.9 million and € 3.1 million respectively on 31 December 2017 and by € 34.2 million and € 18 million on 31 March 2017.

Net financial debt of the Immsi Group

The net financial debt of the Immsi Group, € 926.6 million as at 31 March 2018, is broken down below compared to the figure for 31 December 2017 and 31 March 2017.

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

In thousands of euros	***31.03.2018***	***31.12.2017***	***31.03.2017***
Short-term financial assets			
Cash and cash equivalents	-129,659	-138,949	-137,769
Financial assets	0	0	0
Total short-term financial assets	**-129,659**	**-138,949**	**-137,769**
Short-term financial payables			
Bonds	9,632	9,625	9,624
Payables due to banks	362,399	357,917	398,870
Amounts due for finance leases	1,250	1,144	1,130
Amounts due to other lenders	53,691	57,841	55,964
Total short-term financial payables	**426,972**	**426,527**	**465,588**
Total short-term financial debt	**297,313**	**287,578**	**327,819**
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	310,152	309,880	282,475
Payables due to banks	310,335	251,950	330,265
Amounts due for finance leases	8,777	9,168	10,026
Amounts due to other lenders	20	344	358
Total medium/long-term financial payables	**629,284**	**571,342**	**623,124**
Total medium-/long-term financial debt	**629,284**	**571,342**	**623,124**
Net financial debt *)	**926,597**	**858,920**	**950,943**

*) The measure does not include financial assets and liabilities arising from fair value estimates of the financial derivatives used for hedging, the fair value adjustment of the related hedged items of € 7,558 thousand (€ 9,500 thousand and € 21,668 thousand as at 31 December 2017 and 31 March 2017 respectively) and the related accruals and deferrals.

As at 31 March 2018 the Group reduced its net debt compared to 31 March 2017 by approx. € 24.3 million: this decrease was due mainly to a reduction in payables to banks only partially offset by lower short-term liquidity and higher medium/long-term payables from bonds.
The decrease as at 31 March 2018 compared to the end of 2017 in Group net financial debt of approximately € 67.7 million is due mainly to an increase in non-current financial liabilities and the seasonable nature of the Piaggio group's two-wheeler market.

Investments

Gross investments as at 31 March 2018 by the Group totalled € 22.6 million (€ 18.5 million in the first quarter of 2017) nearly entirely by the Piaggio group, including € 15.7 million in intangible assets (€ 12.5 million in the first three months of 2017) and € 6.9 million in plant, property and equipment compared to € 6 million in the same period of the previous year.

Cash flow statement of the Immsi Group

In thousands of euros	*31.03.2018*	*31.03.2017*
Operating activities		
Profit before tax	4,356	4,706
Depreciation of plant, property and equipment (including investment property)	11,386	11,960
Amortisation of intangible assets	17,738	18,988
Provisions for risks and for severance indemnity and similar obligations	4,425	5,747
Write-downs / (Reversals)	584	235
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	(20)	(6)
Interest income	(867)	(141)
Dividend income	0	(3,350)
Interest expense	11,503	12,757
Amortisation of grants	(744)	(1,227)
Change in working capital	(64,856)	(53,755)
Change in non-current provisions and other changes	(11,895)	(11,248)
Cash generated from operating activities	(28,390)	(15,334)
Interest paid	(7,198)	(8,450)
Taxes paid	(6,936)	(2,840)
Cash flow from operations	(42,524)	(26,624)
Investing activities		
Investments in plant, property and equipment	(6,891)	(6,028)
Sale price, or repayment value, of plant, property and equipment (including investment property)	42	50
Investments in intangible assets	(15,665)	(12,497)
Sale price, or repayment value, of intangible assets	0	0
Collected interests	135	162
Grants received	0	360
Other changes	(13)	0
Cash flow from investing activities	(22,392)	(17,953)
Financing activities		
Loans received	82,913	49,812
Outflow for repayment of loans	(23,331)	(65,584)
Repayment of finance leases	(285)	(279)
Cash flow from financing activities	59,297	(16,051)
Increase / (Decrease) in cash and cash equivalents	(5,619)	(60,628)
Opening balance	135,258	173,223
Exchange differences	(3,945)	560
Closing balance	125,694	113,155

The table shows the changes in cash and cash equivalents as at 31 March 2018 which total € 129.7 million (€ 138.9 million as at 31 December 2017) including short-term bank overdrafts of € 4 million (€ 3.7 million as at 31 December 2017).

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 consolidated equity attributable to the Group and to non-controlling interests*
Balances at 1 January 2017	***232,787***	***159,771***	***392,558***
Other changes	*1*	*0*	*1*
Net comprehensive earnings for the period	*842*	*1,547*	*2,398*
Balances at 31 March 2017	***233,630***	***161,318***	***394,948***

In thousands of euros	*Consolidated shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total consolidated equity attributable to the Group and to non-controlling interests*
Balances at 1 January 2018	***221,623***	***149,066***	***370,689***
Other changes	*(1)*	*1*	*0*
Net comprehensive earnings for the period	*(1,792)*	*(1,953)*	*(3,745)*
Balances at 31 March 2018	***219,830***	***147,114***	***366,944***

Human resources

As at 31 March 2018, the Immsi Group employed 6,981 staff, including 79 in the property and holding sector, 6,632 in the industrial sector (Piaggio group) and 270 in the marine sector (Intermarine S.p.A.).
The following tables divide resources by category and geographic segment:

Human resources by category

numbers	31.03.2018			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	5	98	7	110
Middle managers and white collars	38	2,319	148	2,505
Manual workers	36	4,215	115	4,366
TOTAL	**79**	**6,632**	**270**	**6,981**

numbers	31.12.2017			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	6	97	7	110
Middle managers and white collars	36	2,336	150	2,522
Manual workers	27	4,187	118	4,332
TOTAL	**69**	**6,620**	**275**	**6,964**

numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	-1	1	0	0
Middle managers and white collars	2	-17	-2	-17
Manual workers	9	28	-3	34
TOTAL	**10**	**12**	**-5**	**17**

Human resources by geographic segment

numbers	31.03.2018			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	79	3,435	270	3,784
Rest of Europe	0	177	0	177
Rest of the World	0	3,020	0	3,020
TOTAL	**79**	**6,632**	**270**	**6,981**

numbers	31.12.2017			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	69	3,444	275	3,788
Rest of Europe	0	177	0	177
Rest of the World	0	2,999	0	2,999
TOTAL	**69**	**6,620**	**275**	**6,964**

numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	10	-9	-5	-4
Rest of Europe	0	0	0	0
Rest of the World	0	21	0	21
TOTAL	**10**	**12**	**-5**	**17**

The number of staff members was substantially unchanged from 31 December 2017. The Group uses fixed-term seasonal employment contracts to handle typical peaks in demand in the summer months.

For further details on Group employees (such as salaries and training policy, diversity and equal opportunities, safety, etc.) see the section headed Social Dimension in the Consolidated Non-Financial Statement as at 31 December 2017 drawn up pursuant to Legislative Decree 254/2016.

Directors' comments on operations

In the first three months of 2018, the Immsi Group saw a continuation of the trend in recent years of improving performance and finances, particularly in the industrial and marine sectors.
Final results for the period have different trends with reference to the various sectors comprising the Group, based on business trends and the different impact of seasonality.

Property and holding sector

In thousands of euros	*31.03.2018*	*as a %*	*31.03.2017*	*as a %*	*Change*	*as a %*
Net revenues	726		722		4	0.6%
Operating income before depreciation and amortisation (EBITDA)	-786	n/m	-537	n/m	-249	n/m
Operating income (EBIT)	-906	n/m	-658	n/m	-248	n/m
Profit before tax	-4,820	n/m	-1,187	n/m	-3,633	n/m
Earnings for the period including non-controlling interests	-4,618	n/m	-1,097	n/m	-3,521	n/m
Group earnings for the period (which may be consolidated)	-2,753	n/m	390	n/m	-3,143	n/m
Net debt	-367,188		-350,611		-16,577	-4.7%
Personnel (number)	79		73		6	8.2%

Overall, the **property and holding sector** in the first quarter of 2018 made a net loss for consolidation purposes of € 2.8 million, compared to net profit for consolidation purposes of € 0.4 million in the first quarter of 2017. The difference was due mainly to the financial income at the beginning of 2017 for the Parent Company of about € 3.35 million from the sale of option rights relating to the increase in UniCredit share capital which Immsi S.p.A did not take up.
Net debt for the sector amounted to € 367.2 million (compared to € 363.6 million and € 350.6 million as at 31 December 2017 and 31 March 2017 respectively).

The operations of leading companies in the sector in the first three months of 2018 are set out below, with reference to the separate financial statements of each company (hence including intergroup eliminations).

In the first quarter of 2018, the **Parent Company Immsi S.p.A** achieved operating income (EBIT) in line with the same period the previous year (down about € 0.2 million) and a net loss of about € 0.2 million, compared to net profit of about € 3 million in the same period in 2017 due mainly to the balance from financial management, given the difference between financial income and charges, which in the first quarter of 2017 benefited from € 3.35 million arising from the sale of option rights by the Company in relation to the increase in UniCredit share capital which Immsi S.p.A. did not take up.
In drafting this Interim Report on Operations as at 31 March 2018, 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 impairment tests would have been eliminated fully during consolidation.

Net financial debt as at 31 March 2018 was € 74.1 million, up by about € 0.7 million on 31 December 2017, mainly due to the effect of cash flow absorbed by operations.

Regarding the **property sector** and in particular with reference to the subsidiary **Is Molas S.p.A.**, the work on the construction of the first 15 villas and the first part of the work on primary urbanisation is going to be completed with hand-over of four completed mockup villas and the remaining 11 villas in an advanced but raw state, in order to allow potential buyers to choose their own floor and wall tiles and other elements of the internal finish.
Revenues in the first three months of 2018, relating entirely to tourist/hospitality activities and the golf course, are slightly up on the same period in 2017 (by about € 0.3 million), whilst in terms of margins, the company returned a negative operating income of about € 0.7 million against the result for the same period in 2017, and a net loss for consolidation purposes of € 0.5 million, also in line with 31 March 2017.
The net debt of the company amounted to € 59.1 million, with cash flow absorbed in the amount of € 2.6 million compared to 31 December 2017 (€ 56.5 million): 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.
In the first quarter of 2018, the net profit for consolidation purposes of **Pietra S.r.l.** was substantially in line with the same period of the previous year, while net financial debt remained unchanged from 31 December 2017 at € 2.7 million. The result subject to consolidation of **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l., including the property complex of Pietra Ligure with related Urban Planning Permits and Agreements, was substantially unchanged from the first quarter of 2017 and net financial debt was stable at € 0.9 million.

With reference to the subsidiary **Apuliae S.r.l.** no further information is available in addition to remarks in the Directors Report on Operations and Financial Statements of the Immsi Group as at 31 December 2017, which should be consulted. As at 31 March 2018, the company posted a substantial break-even position, with net financial debt unchanged compared to 31 December 2017 and amounting to a negative value of € 0.6 million.

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. has a 72.51% stake and which is the sole shareholder of Intermarine S.p.A., returned a net loss for consolidation purposes within the Immsi Group of about € 0.9 million, in line with the first quarter of 2017, and net financial debt as at 31 March 2018 of € 122.3 million, unchanged on 31 December 2017;
- Immsi S.p.A. holds a 72.64% stake in terms of voting rights in **ISM Investimenti S.p.A.**, which is the parent company of Is Molas S.p.A. with a 92.59% stake as at 31 March 2018. It should be remembered that, in view of the different ownership rights of the two shareholders and the impairment test, the consolidated portion of shareholders equity of ISM Investimenti S.p.A. is estimated at 51.55% as at 31 March 2018. ISM Investimenti S.p.A. presented a net loss subject to consolidation for the Immsi Group of about € 1 million (€ -1.1 million in the same period in 2017) and net debt as at 31 March 2018 of € 107.4 million, slightly up on 31 December 2017 (at about € 107.1 million).

Industrial sector

In thousands of euros	*31.03.2018*	*as a %*	*31.03.2017*	*as a %*	*Change*	*as a %*
Net revenues	312,312		309,124		3,188	1.0%
Operating income before depreciation and amortisation (EBITDA)	43,205	13.8%	41,196	13.3%	2,009	4.9%
Operating income (EBIT)	14,496	4.6%	10,947	3.5%	3,549	32.4%
Profit before tax	6,951	2.2%	2,468	0.8%	4,483	181.6%
Earnings for the period including non-controlling interests	3,961	1.3%	1,481	0.5%	2,480	167.5%
Group earnings for the period (which may be consolidated)	1,983	0.6%	748	0.2%	1,235	165.1%
Net debt	-502,937		-532,391		29,454	5.5%
Personnel (number)	6,632		6,470		162	2.5%

During the first quarter of 2018, the Piaggio group sold 129,700 vehicles worldwide, up on the same period in the previous year, with sales of 121,200.
Sales were up both in India (+31%) and Asia Pacific 2W (+ 11%) and down in the EMEA area and Americas (- 15.1%). The fall in sales of two-wheelers (- 2.3%) was more than offset by growth in the sale of commercial vehicles (+ 26.7%).

In terms of consolidated turnover, amounting to € 312.3 million, the group closed the first quarter of 2018 with net revenues up on the same period in 2017 (+1%). As regards geographic areas, the growth in revenues in India (+ 19.8%; + 33.3% at constant exchange rates) more than offset the fall in the EMEA area and the Americas (- 5.5%) and in Asia Pacific (-5.1%; + 7.1% at constant exchange rates).
Regarding product type, the increase in turnover for commercial vehicles (+13.3%) offset the decrease in two-wheelers (-4%). Therefore the contribution to overall turnover of two-wheelers fell from 70.8% in the first three months of 2017 to the current figure of 67.3%; conversely, the percentage of commercial vehicles in overall turnover was up from 29.2% in the first three months of 2017 to the current figure of 32.7%.

Consolidated operating income before depreciation and amortisation (EBITDA) for the first three months of 2018 improved compared to the same period in the previous year at € 43.2 million (€ 41.2 million in the first three months of 2017). In relation to turnover, EBITDA was uo 0.5% on first quarter of 2017 at 13.8%. In terms of Operating Income (EBIT), the performance of the year in progress has improved with consolidated EBIT of € 14.5 million; in relation to turnover, EBIT stands at 4.6%, up on 3.5% for the same period the previous year.

The result of financial activities is up on the same period last year by € 0.9 million, with net charges of € 7.5 million (€ 8.5 million in the first three months of 2017) due to the lower debt and decreased debt costs. The improvement is only partially offset by the effects of foreign exchange management.

Net profit stood at € 4 million (1.3% of turnover), up on the figure for the same period the previous year, at € 1.5 million (0.5% 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 three months of 2018 amounted to € 2 million (an improvement compared to the figure for the same period of the previous year of € 0.7 million).

Net financial debt as at 31 March 2018 was € 502.9 million, against € 532.4 million as at 31 March 2017 and € 452 million as at 31 December 2017. The increase of approximately € 50.9 million 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:

- operating cash flow amounted to € +33.5 million (€ +30.6 million in the first quarter of 2017);
- the dynamics of working capital generated a cash flow of € 63.5 million (€ 54.3 million in the first three months of 2017);
- investment activities absorbed a total of € 17.3 million (€ 21.2 million in the first three months of 2017); and
- variations in shareholders equity absorbed resources of € 9 million (against € 3.5 million generated in the first quarter of 2017).

Marine sector

In thousands of euros	*31.03.2018*	*as a %*	*31.03.2017*	*as a %*	*Change*	*as a %*
Net revenues	19,581		21,829		-2,248	-10.3%
Operating income before depreciation and amortisation (EBITDA)	3,084	15.7%	4,798	22.0%	-1,714	-35.7%
Operating income (EBIT)	2,543	13.0%	4,220	19.3%	-1,677	-39.7%
Profit before tax	2,225	11.4%	3,425	15.7%	-1,200	-35.0%
Earnings for the period including non-controlling interests	1,485	7.6%	2,103	9.6%	-618	-29.4%
Group earnings for the period (which may be consolidated)	1,077	5.5%	1,525	7.0%	-448	-29.4%
Net debt	-56,472		-67,941		11,469	16.9%
Personnel (number)	270		280		-10	-3.6%

With reference to the income data for the **marine sector** (Intermarine S.p.A.), during the first quarter of 2018, net sales revenues (consisting of sales and changes in work in progress) amounted to € 19.6 million, compared to € 21.8 million in the same period of 2017. Production progress, including research and development, and the completion of constructions and deliveries, concerned in particular:

- the Defence Division, with € 15.1 million (€ 21.3 million in the first three months of 2017), mainly due to progress in the construction of units and logistics package for the Italian Finance Police, Gaeta MMI activities, the construction of integrated platforms for the Italian Group working in the sector, the order from an Asian shipyard for a navigator platform and progress at the Sarzana and Messina yards on the MMI order for 2 special high-speed units;
- the *Fast Ferries* and *Yacht* divisions, with a total of € 4.5 million (€ 0.5 million in the first quarter of 2017), mainly from repair work and construction activities for the 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 light of the above, operating income (EBIT) in the first three months of 2018 was positive at € 2.5 million, down about € 1.7 million on the same period the previous year (a positive figure of € 4.2 million). As regards profit before tax, a positive value of € 2.2 million was recorded (compared to a positive value of € 3.4 million in the same period of 2017) while the net profit for consolidation purposes for the Immsi Group as at 31 March 2018 amounted to € 1.1 million, compared to a profit of € 1.5 million recorded in the same period of the previous year.

In the first months of 2018, the company also pursued all the possibilities to contain structural costs and business activities in all business operations of the company in search of favourable business opportunities.

In terms of equity, net debt, at € 56.5 million as at 31 March 2018 was up on 31 December 2017 (€ 43.3 million) and better (€ -11.4 million) than the figure of € 67.9 million as at 31 March 2017.

Events occurring to 31 March 2018 and outlook

As regards the operating outlook of the Immsi Group, with reference to the subsidiary **Is Molas S.p.A.**, 2018 will see completion of the first batch of 15 villas and the first portion of primary urbanisation work prior to testing market feedback and to signing the first preliminary sales agreements, boosting the Is Molas project.

In the **industrial sector**, in April the ratings agency Standard & Poor's Global Ratings (S&P) revised the Rating of the Piaggio group (PIA.MI), up from “B+” to “BB-”. In addition, on 18 April 2018 the Piaggio group successfully concluded a high-yield placement of a senior debenture loan, unassisted by guarantees and non-convertible, for the sum of € 250 million and a duration of 7 years, with a fixed annual interest rate of 3.625% and an issue price of 100%.

Regarding the outlook for future operations, In a macroeconomic context in which the recovery of the global economy will probably consolidate, but that is still affected by uncertainties over the growth rate in Europe and risks of a slowdown in some countries in Far East Asia, the group is committed, in commercial and industrial terms, to:
confirming its leadership in the European two-wheeler market, optimally levering expected recovery through:
- additional strengthening of the product range;
- maintaining the current positions on the European commercial vehicles market;

• consolidating its position in the Asia Pacific area, through the opening of new Motoplex facilities, exploring new opportunities in the countries in the area, as always with special attention to the premium market segment;
• boosting sales of the scooters in the Indian market, with the Vespa range and success of the Aprilia scooter range;
• increasing the penetration of commercial vehicles in India, partly through the introduction of new engines, and their sale in emerging countries, focusing on the further development of exports in Africa and Latin America.

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.
More in general, the Group is committed - as in recent years and for operations in 2018 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

In the **marine sector**, after 31 March 2018 Intermarine terminated its agreements with the Asian shipyard, due to repeated violations.
At the financial level, the company collected significant sums in April 2018, amounting to about € 27 million, due to the progress in ongoing orders.
In 2018, there will be significant progress in production for outstanding orders with the aim of consolidating the strengthening in financial position over recent years. Moreover, Intermarine S.p.A. is negotiating a number of agreements, particularly in the Defence sector, aimed at acquiring further orders which would strengthen the order book and guarantee production in the coming years.