Share capital €178,464,000 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 2019

This Interim Financial Report as of 31 March 2019 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 14 May 2019
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/2019")

COMPANY BOARDS

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

BOARD
OF DIRECTORS

Roberto Colaninno	***Chairman***
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
STATUTORY AUDITORS

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

INDEPENDENT AUDITORS
AUDITORS

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

GENERAL DIRECTOR
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***
Paola Mignani	
Rita Ciccone	

CONTROL AND RISKS COMMITTEE

Daniele Discepolo	***Chairman***
Paola Mignani	
Rita Ciccone	

RELATED-PARTIES COMMITTEE

Rita Ciccone	***Chairman***
Paola Mignani	
Patrizia De Pasquale	

COMPLIANCE COMMITTEE

Marco Reboa	***Chairman***
Giovanni Barbara	
Maurizio Strozzi	

APPOINTMENT PROPOSAL COMMITTEE

Daniele Discepolo	***Chairman***
Paola Mignani	
Rita Ciccone	

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

CEO AND GENERAL MANAGER

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

FINANCIAL REPORTING OFFICER

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

During the first three months of 2019, the Immsi Group continued the improvement shown in recent years, both in economic and financial terms. All indicators were up compared to 2018: turnover increased by 9%, EBITDA by 12.2% and net profit including minority interests amounted to €3.6 million compared to €0.8 million in the same period of 2018. Financial debt as at 31 March 2019 also showed a strong improvement over the same period of 2018, amounting to approximately €44.3 million on a like-for-like basis and by approximately €21.5 million considering that from 2019 the net debt includes the effects of IFRS 16 (while the comparative amounts of previous periods have not been changed).
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 at 31 March 2019

In thousands of euros	*Sector property and holding*	*as a %*	*Sector industrial*	*as a %*	*Sector marine*	*as a %*	*Group Immsi*	*as a %*
Net revenues	961		346,190		15,536		362,687	
Operating income before depreciation and amortisation (EBITDA)	-619	n/m	49,465	14.3%	2,194	14.1%	51,040	14.1%
Operating income (EBIT)	-866	n/m	20,669	6.0%	1,340	8.6%	21,143	5.8%
Profit before tax	-4,997	n/m	14,243	4.1%	895	5.8%	10,141	2.8%
Earnings for the period including non-controlling interests	-4,776	n/m	7,834	2.3%	540	3.5%	3,598	1.0%
Group earnings for the period (which may be consolidated)	-2,561	n/m	3,932	1.1%	392	2.5%	1,763	0.5%
Net debt	-379,305		-476,409		-49,399		-905,113	
Net debt (excl. IFRS 16)	-377,710		-456,139		-48,406		-882,255	
Personnel (number)	86		6,425		270		6,781	

As mentioned above, the new accounting standard IFRS 16 - Leasing was applied as from 1 January 2019, for the impacts of which reference should be made to the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2019". The Group chose to use the simplified transition approach and therefore did not change the comparative amounts of the year before the first adoption.

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 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	

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 2018 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 debt**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. Other financial assets and liabilities arising from the measurement at fair value of hedging derivatives, the adjustment to fair value of the related hedged items, the related accruals, interest accrued on loans and financial liabilities related to assets held for sale are not included in the computation of net debt. A table showing the items that contribute to the determination of the indicator is included among the tables contained in this Report. In this respect, pursuant to the CESR recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, it is noted that the indicator thus formulated represents what has been monitored by Group Management and differs from that suggested by Consob Communication No. 6064293 of 28 July 2006 as it also includes the non-current portion of financial receivables.

Form and content

Italian Legislative Decree 25 of 2016, which implemented the new Directive *Transparency II (2013/50/EU)*, eliminated the obligation of publication of the interim report on operations. The decision to continue to publish information on the first quarter and the first nine months of the Immsi Group was taken in continuity with the past, also in the light of changes in the regulatory framework. In this regard, it should be noted that Consob, with Resolution no. 19770 of 26 October 2016, approved the amendments to the Issuer Regulations on Interim 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 2018, prepared according to IFRS.

The reclassified Income Statement and Statement of Comprehensive Income relative to the first quarter of 2019 are given below, compared with the same period of 2018, as well as the reclassified Statement of Financial Position as at 31 March 2019, compared with the situation as at 31 December 2018 and 31 March 2018 and the Statement of Cash Flows as at 31 March 2019 compared with the same period of 2018. The Statement of changes in shareholders’ equity as at 31 March 2019, compared with figures for the same period of the previous year is also presented.

It should be noted that in the first quarter of 2018, as in the same period of 2019, there were no significant non-recurring transactions, as defined by Consob Communication no. DEM/6064293 of 28 July 2006, and there were no atypical or unusual transactions, as defined by Consob Communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

The 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.

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.

The Group carries out activities which, especially in the industrial and tourist-hotel sector, are subject to significant seasonal variations in sales during the year.

The financial statements have been prepared on a going concern basis. The Directors have assessed that, despite the difficult economic and financial context, the funds currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its needs arising from investment activities, working capital management and debt repayment and will ensure an adequate level of operational and strategic flexibility.
The above is based on the fundamental assumption that:

- the main assumptions made in the forecasts, in particular with regard to the sale of goods and services and consequent collection, are met and
- that the various credit lines that will expire in the next 12 months, in particular with reference to the Parent Company Immsi S.p.A., may be entirely renewed by the credit institutions or that new lines already granted or to be sought on the market may be activated thanks to the availability of the guarantees that such contracts usually require.

A further fundamental assumption is that there will be no cases of non-compliance with the Guarantee Values and/or covenants or that in this case the Banks are willing to grant an exemption from compliance with them.
With reference to the information provided at 31 December 2018 in terms of the short-term reclassification of the entire indebtedness of Immsi S.p.A. and some of its subsidiaries following non-compliance with certain financial covenants, this situation has been remedied with a consequent reinstatement of contractual maturities in the financial statements.

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

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

	Exchange rate at 29 March 2019	Average exchange rate first quarter 2019	Exchange rate at 31 December 2018	Average exchange rate first quarter 2018
US Dollar	1.1234	1.13577	1.1450	1.22921
Pounds Sterling	0.85830	0.872508	0.89453	0.883372
Indian Rupee	77.7190	80.07197	79.7298	79.12637
Singapore Dollars	1.5214	1.53877	1.5591	1.62102
Chinese Renminbi	7.5397	7.66349	7.8751	7.81544
Croatian Kuna	7.4338	7.42162	7.4125	7.43800
Japanese Yen	124.45	125.08349	125.85	133.16619
Vietnamese Dong	25.851,48	26.168,30000	26,230.56	27,719.04938
Canadian Dollars	1.5000	1.51015	1.5605	1.55396
Indonesian Rupiah	16.007,63	16.054,20571	16,565.86	16,676.38683
Brazilian Real	4.3865	4.27751	4.4440	3.98865

This Interim Report on Operations as at 31 March 2019, 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.
In preparing its Interim Report on Operations as at 31 March 2019, the Immsi Group adopted the same accounting principles as those used to prepare the Consolidated Financial Statements as at 31 December 2018 (to which reference should be made for further information), with the exception of the following.

<u>New accounting standards, amendments and interpretations applied as from 1 January 2019</u>

In the month of January 2016, the IASB published IFRS 16 - Leases. This new standard replaced IAS 17. The main change concerns the accounting of lease agreements by lessees that, according to IAS 17, were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). With IFRS 16, operating leases were treated for accounting purposes as finance leases. According to the new standard, an asset (the right to use the leased item) and a financial liability are recognised for future lease payments. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases.
The standard mainly has an effect on the recognition of the Group's operating leases.
The Group chose to use the simplified transition approach and therefore did not change the comparative amounts of the year before the first adoption. Assets recognised for lease and rental costs are measured for the amount of the lease debt at the time of adoption.
The effects of adopting IFRS 16 on the financial statements of the first quarter of 2019 are summarised in the following table:

In thousands of euro	1st Quarter 2019 published	Impact IFRS 16	1st Quarter 2019 without adoption of IFRS 16
Plant, property and equipment	332,122	30,230	301,892
Assets held for disposal	33,290	5,855	27,435
Lease liabilities	31,651	22,858	8,794
Lease liabilities related to assets held for sale	5,869	5,869	0
Trade receivables and other non-current receivables	12,524	(7,472)	19,996
Depreciation and impairment costs of property, plant and equipment	(12,212)	(1.878)	(10,334)
Costs for services, leases and rentals	(63,605)	1,983	(65,588)
Other operating costs	(5,013)	88	(5,101)
Net financial borrowing costs	(11,020)	(306)	(10,714)
Impact on the profit and loss account before taxes	10,141	(113)	10,254

It should be noted that the change in the item Other non-current receivables refers to the reclassification of lease payments made in advance by the Asian companies of the Piaggio group for concessions on land on which the production plants are located to the rights of use, and that the consolidated financial debt does not include liabilities for leases linked to assets held for disposal, which refer exclusively to Pietra Ligure S.r.l..

In October 2017, the IASB published some amendments to IAS 28 providing clarifications on affiliated companies or joint ventures to whom the equity method is not applied, based on IFRS 9. The amendments are applicable as from 1 January 2019 and do not have a significant impact on the financial statements or disclosures.

In December 2017, the IASB published a series of annual amendments to IFRS 2015-2017 (IFRS 3, IFRS 11, IAS 12 and IAS 23). The amendments are applicable as from 1 January 2019 and do not have a significant impact on the financial statements or disclosures.

In February 2018, the IASB published some amendments to IAS 19, that require companies to revise assumptions for determining the cost and borrowing costs at each change of the plan. The amendments are applicable as from 1 January 2019 and do not have a significant impact on the financial statements or disclosures.

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 came into force on 1 January 2019 and has no significant impact on either the financial statements or the disclosures.

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 October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarifications on the definition of "materiality". These amendments will apply from 1 January 2020.
- In October 2018, the IASB published some amendments to iFRS 3 that amend the definition of "business". These amendments will apply from 1 January 2020.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate the 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 2019 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 interest in the consolidated shareholders' equity of Piaggio & C. S.p.A. went from 50.07% at 31 March 2018 to 50.18% at 31 December 2018 and 50.19% at 31 March 2019 as a result of the purchase by the subsidiary in the first quarter of 2019 of a further 80,000 treasury shares (for a total of 873,818).

The scope of consolidation as at 31 March 2019 has not undergone any other changes compared to the consolidated financial statements as at 31 December 2018, while compared to 31 March 2018 it should be noted:

- with reference to the stake held by the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., in consideration of the different equity rights due to the two shareholders and the impairment test analyses, the share of equity of ISM Investimenti S.p.A. consolidated is estimated at 41.81% as of 31 December 2018, down from 51.55% as of 31 March 2018;
- The liquidation of the First Atlantic Real Estate Fund was completed on 14 December 2018.

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, reference should be made to the table attached to the Explanatory Notes to the Financial Statements at 31 December 2018, which is intended to be referred to herein.

Reclassified consolidated financial statements and relative notes

Reclassified income statement of the Immsi Group

In thousands of euros	*31.03.2019*		*31.03.2018*		*Change*	
Net revenues	**362,687**	**100%**	**332,619**	**100%**	**30,068**	**9.0%**
Costs for materials	210,514	58.0%	185,836	55.9%	24,678	13.3%
Costs for services, leases and rentals	63,605	17.5%	60,245	18.1%	3,360	5.6%
Employee costs	60,981	16.8%	57,548	17.3%	3,433	6.0%
Other operating income	28,915	8.0%	21,436	6.4%	7,479	34.9%
Net reversals (impairment) of trade and other receivables	-449	-0.1%	-343	-0.1%	-106	-30.9%
Other operating costs	5,013	1.4%	4,580	1.4%	433	9.5%
OPERATING INCOME BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**51,040**	**14.1%**	**45,503**	**13.7%**	**5,537**	**12.2%**
Depreciation and impairment costs of plant, property and equipment	12,212	3.4%	11,386	3.4%	826	7.3%
Impairment of goodwill	0	-	0	-	0	-
Amortisation and impairment costs of finite life intangible assets	17,685	4.9%	17,984	5.4%	-299	-1.7%
OPERATING INCOME	**21,143**	**5.8%**	**16,133**	**4.9%**	**5,010**	**31.1%**
Earnings on investments	18	0.0%	67	0.0%	-49	-
Financial income	3,154	0.9%	4,309	1.3%	-1,155	-26.8%
Borrowing costs	14,174	3.9%	16,153	4.9%	-1,979	-12.3%
PROFIT BEFORE TAX	**10,141**	**2.8%**	**4,356**	**1.3%**	**5,785**	**132.8%**
Taxes	6,543	1.8%	3,528	1.1%	3,015	85.5%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**3,598**	**1.0%**	**828**	**0.2%**	**2,770**	**334.5%**
Gain (loss) from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**3,598**	**1.0%**	**828**	**0.2%**	**2,770**	**334.5%**
Earnings for the period attributable to non-controlling interests	1,835	0.5%	521	0.2%	1,314	252.2%
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**1,763**	**0.5%**	**307**	**0.1%**	**1,456**	**474.3%**

Statement of comprehensive income of the Immsi Group

	31.03.2019	31.03.2018
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	3,598	828
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	429	390
Actuarial gains (losses) on defined benefit plans	(1,459)	(834)
Total	(1,030)	(444)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	105	212
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	3,668	(4,341)
Total	3,773	(4,129)
Other Consolidated Comprehensive Income (Expense)	2,743	(4,573)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	6,341	(3,745)
Comprehensive earnings for the period attributable to non-controlling interests	3,012	(1,953)
COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**3,329**	**(1,792)**

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

Net revenues

Consolidated net revenues as at 31 March 2019 amounted to €362.7 million, of which 95.4%, equal to €346.2 million, is attributable to the industrial sector (Piaggio group), 4.3%, equal to €15.5 million, to the marine sector (Intermarine S.p.A.), and the remaining part, of approximately €1 million, to the property and holding sector (Immsi S.p.A. and Is Molas S.p.A. net of intergroup eliminations).

In the industrial sector, in the first three months of 2019 the Piaggio group recorded net revenues of €346.2 million, up 10.8% from the same period of 2018, thanks to the contribution of all geographical areas. At constant exchange rates, sales increased by about €31 million (10%).

In the shipbuilding sector (Intermarine S.p.A.), consolidated revenues amounted to €15.5 million as at 31 March 2019, down 20.7% on the figure of €19.6 million achieved as at 31 March 2018, in line with the scheduling of orders in the portfolio for the current year.

With regard to the real estate and holding sector, net revenues as at 31 March 2019 amounted to approximately €1 million, equal to what was achieved in the first three months of 2018.

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

The consolidated operating income before amortisation, depreciation and impairment costs of intangible and tangible assets (EBITDA) as at 31 March 2019 amounted to €51 million, or 14.1% of net revenues, an improvement of €5.5 million compared to EBITDA in the first three months of 2018.

The component attributable to the industrial sector (Piaggio group) amounted to €49.5 million, up by €6.3 million compared to the figure as at 31 March 2018 (equal to €43.2 million), accounting for 14.3% of net revenues for the sector (compared to 13.8% for the same period in 2018). The component attributable to the marine sector (Intermarine S.p.A.) was equal to €2.2 million, a significant improvement compared to €3.1 million at 31 March 2018. Finally, the component attributable to the real estate and holding sector amounted to a loss of €0.6 million, while in the first three months of 2018 there was a profit of €0.8 million:

The main costs of the Immsi Group included personnel costs of €61 million, an increase from the figure recorded for the same period in 2018, which was €57.5 million (accounting for 16.8% of net revenues, down from 17.3% for the first three months of 2018). The average workforce in the first three months of 2019 (6,853 units) showed a slight decrease compared to the same period of the previous year (6,942 units).
It should be noted that the growth of EBITDA was partially boosted (+€2.1 million) by the application of IFRS 16 from 1 January 2019.

Operating income (EBIT)

Operating income (EBIT) in the first three months of 2019 amounted to €21.1 million, equal to 5.8% of net revenues. The increase compared to the same period of the previous year amounted to approx. €5 million (+31.1%). In the previous year, operating income (EBIT) in the first three months amounted to €16.1 million, accounting for 4.9% of net revenues.

The component attributable to the industrial sector (Piaggio group) amounted to €20.7 million accounting for 6% of net revenues for the sector, an improvement on the figure of €14.5 million recorded as at 31 March 2018. The component attributable to the marine sector (Intermarine S.p.A.) was a positive amount of €1.3 million, compared to the amount of €2.5 million as at 31 March 2018. Finally, the component attributable to the real estate and holding sector was negative by €0.9 million, in line with the first three months of the previous year.

Depreciation and amortisation for the period, including impairment costs, totalled €29.9 million (up by €0.5 million compared to the figure for the first three months of 2018), accounting for 8.2% of net revenues, and decreasing slightly compared to the figure of 8.8% for the same period of 2018, comprising depreciation of plant, property and equipment amounting to €12.2 million (€11.4 million in the first three months of 2018) and amortisation of intangible assets amounting to €17.7 million (€18 million in the same period of 2018). In particular, the amortisation and depreciation attributable to the industrial sector (Piaggio group) amounted to approximately €28.8 million (essentially identical to the first three months of 2018), of which €11.7 million related to plant, property and equipment and €17.1 million for intangible assets.

No impairment of goodwill was recognised in the first quarter of 2019, 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 2018 and 31 December 2017, no impairment was necessary, as the goodwill was considered as recoverable from future financial flows. It should be noted, however, that in the first three months of 2019 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 31 March 2019 amounted to a profit of €10.1 million, an improvement compared to a consolidated profit of €4.4 million in the first three months of the previous year.

Borrowing costs, net of income and earnings from investments, amounted to €11 million in the first three months of 2019, accounting for 3% of net revenues, with the contribution from the industrial sector amounting to €6.4 million (€7.5 million in the first three months of 2018), from the marine sector amounting to €0.4 million (€0.3 million in the first three months of 2018) and the remaining amount from the property and holding sector (€4.1 million in the first quarter of 2019 compared to €3.9 million in the same period of the previous year).
Net financial borrowing costs recorded in the first three months of 2019 were slightly down compared to figures for the same period of the previous year, and were equal to €11.8 million (3.5% of net revenues), mainly due to the reduction in average debt and its lower cost.

Earnings for the period attributable to the Group

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, as at 31 March 2019 amounted to €1.8 million (0.5% of net revenues for the period), an increase of €1.5 million on the earnings of €0.3 million 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. €6.5 million (during the first three months of 2018 a cost of €3.5 million 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:	*31.03.2019*	*31.03.2018*
Basic	0.005	0.001
Diluted	0.005	0.001
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	31.03.2019	as a %	31.12.2018	as a %	31.03.2018	as a %
Current assets:						
Cash and cash equivalents	183,934	8.3%	200,450	9.5%	129,659	6.1%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	572,650	25.8%	486,987	23.1%	592,010	27.8%
Total current assets	**756,584**	**34.1%**	**687,437**	**32.6%**	**721,669**	**33.9%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	837,031	37.8%	833,805	39.5%	823,090	38.7%
Plant, property and equipment	332,122	15.0%	300,860	14.2%	298,422	14.0%
Other assets	291,097	13.1%	289,201	13.7%	284,169	13.4%
Total non-current assets	**1,460,250**	**65.9%**	**1,423,866**	**67.4%**	**1,405,681**	**66.1%**
TOTAL ASSETS	**2,216,834**	**100.0%**	**2,111,303**	**100.0%**	**2,127,350**	**100.0%**
Current liabilities:						
Financial liabilities	493,069	22.2%	532,096	25.2%	426,972	20.1%
Operating liabilities	639,095	28.8%	585,098	27.7%	609,037	28.6%
Total current liabilities	**1,132,164**	**51.1%**	**1,117,194**	**52.9%**	**1,036,009**	**48.7%**
Non-current liabilities:						
Financial liabilities	595,976	26.9%	520,383	24.6%	629,284	29.6%
Other non-current liabilities	103,126	4.7%	94,351	4.5%	95,113	4.5%
Total non-current liabilities	**699,102**	**31.5%**	**614,734**	**29.1%**	**724,397**	**34.1%**
TOTAL LIABILITIES	**1,831,266**	**82.6%**	**1,731,928**	**82.0%**	**1,760,406**	**82.8%**
TOTAL SHAREHOLDERS' EQUITY	**385,568**	**17.4%**	**379,375**	**18.0%**	**366,944**	**17.2%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,216,834**	**100.0%**	**2,111,303**	**100.0%**	**2,127,350**	**100.0%**

Analysis of capital employed by the Immsi Group

In thousands of euros	31.03.2019	as a %	31.12.2018	as a %	31.03.2018	as a %
Current operating assets	572,652	41.1%	486,987	36.7%	592,010	42.6%
Current operating liabilities	-639,095	-45.9%	-585,098	-44.1%	-609,037	-43.9%
Net operating working capital	**-66,443**	**-4.8%**	**-98,111**	**-7.4%**	**-17,027**	**-1.2%**
Intangible assets	837,031	60.1%	833,805	62.9%	823,090	59.3%
Plant, property and equipment	332,122	23.8%	300,860	22.7%	298,422	21.5%
Other assets	291,097	20.9%	289,201	21.8%	284,169	20.5%
Capital employed	**1,393,807**	**100.0%**	**1,325,755**	**100.0%**	**1,388,654**	**100.0%**
Non-current non-financial liabilities	103,126	7.4%	94,351	7.1%	95,113	6.8%
Capital and reserves of non-controlling interests	147,283	10.6%	144,389	10.9%	147,114	10.6%
Consolidated shareholders' equity attributable to the Group	238,285	17.1%	234,986	17.7%	219,830	15.8%
Total non-financial sources	**488,694**	**35.1%**	**473,726**	**35.7%**	**462,057**	**33.3%**
Net financial debt	**905,113**	**64.9%**	**852,029**	**64.3%**	**926,597**	**66.7%**

Capital employed

Capital employed amounted to €1,393.8 million as at 31 March 2019, an increase of €68.1 million compared to 31 December 2018, and €5.2 million compared to 31 March 2018, when it stood at €1,325.8 million and €1,388.7 million respectively. In particular, compared to the value from the beginning of the year, the negative balance of net working capital increased by €31.7 million, 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.

Plant, property and equipment and intangible assets on the other hand increased by €31.3 million and €3.2 million respectively compared to 31 December 2018 and by €33.7 million and €13.9 million compared to 31 March 2018.
It should be noted that about €30.2 million of the increase is attributable to the adoption from 1 January 2019 of IFRS 16.

Net financial debt of the Immsi Group

The net financial debt of the Immsi Group, equal to €905.1 million as at 31 March 2019, is analysed below and compared with the same data at 31 December 2018 and at 31 March 2018.

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	*31.03.2019*	*31.12.2018*	*31.03.2018*
Short-term financial assets			
Cash and cash equivalents	-183,934	-200,450	-129,659
Financial assets	0	0	0
Total short-term financial assets	**-183,934**	**-200,450**	**-129,659**
Short-term financial payables			
Bonds	10,333	10,325	9,632
Payables due to banks	419,276	465,000	362,399
Amounts due for finance leases	7,666	1,237	1,250
Amounts due to other lenders	55,794	55,534	53,691
Total short-term financial payables	**493,069**	**532,096**	**426,972**
Total short-term financial debt	**309,137**	**331,646**	**297,313**
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	291,721	291,694	310,152
Payables due to banks	280,114	220,599	310,335
Amounts due for finance leases	23,985	7,930	8,777
Amounts due to other lenders	156	160	20
Total medium/long-term financial payables	**595,976**	**520,383**	**629,284**
Total medium-/long-term financial debt	**595,976**	**520,383**	**629,284**
Net financial debt *)	**905,113**	**852,029**	**926,597**

*) 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 €9,041,000 (€8,038,000 and €7,558,000 as at 31 December 2018 and 31 March 2018 respectively) and relative accruals and deferrals.

As at 31 March 2019 the Group reduced its net debt compared to 31 March 2018 by approx. €21.5 million: this decrease is mainly reflected in lower medium/long-term net debt, which was only partially offset by higher short-term debt.
The decrease as at 31 March 2019 compared to the end of 2018 in the Group’s net financial debt of approximately €53.1 million is attributable in particular to an increase in non-current financial liabilities and the seasonality of the Piaggio group’s two-wheeler market.
It should be remembered that 2019 debt includes the effects of the adoption of IFRS 16, which have a negative impact of about €22.8 million on the changes compared to the previous year (both year-end and interim) since they do not include this adoption.

Investments

Gross investments made by the Group as at 31 March 2019 totalled €29.7 million (€22.6 million in the first three months of 2018), of which €29.3 million related to the Piaggio group. These investments include €20.3 million in intangible assets (€15.7 million in the first three months of 2018) and €9.4 million in plant, property and equipment (compared with €6.9 million in the same period last year).

Cash flow statement of the Immsi Group

In thousands of euros	*31.03.2019*	*31.03.2018*
Operating activities		
Profit before tax	10,141	4,356
Depreciation of plant, property and equipment (including investment property)	12,212	11,386
Amortisation of intangible assets	17,545	17,738
Provisions for risks and for severance indemnity and similar obligations	4,749	4,425
Write-downs (reversals of fair value measurements)	686	584
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	7	(20)
Financial income	(1,025)	(867)
Borrowing costs	11,740	11,503
Amortisation of grants	(913)	(744)
Change in working capital	(12,814)	(64,856)
Change in non-current provisions and other changes	(30,142)	(11,895)
Cash generated from operating activities	12,186	(28,390)
Interest paid	(6,328)	(7,198)
Taxes paid	(11,043)	(6,936)
Cash flow from operations	(5,185)	(42,524)
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	(148)	0
Investment in plant, property and equipment (including investment property)	(9,411)	(6,891)
Sale price, or repayment value, of plant, property and equipment (including investment property)	2	42
Investments in intangible assets	(20,255)	(15,665)
Sale price, or repayment value, of intangible assets	6	0
Collected interests	216	135
Grants received	581	0
Other changes	0	(13)
Cash flow from investing activities	(29,009)	(22,392)
Financing activities		
Loans received	59,993	82,913
Outflow for repayment of loans	(42,754)	(23,331)
Repayment of finance leases	(393)	(285)
Cash flow from financing activities	16,846	59,297
Increase / (Decrease) in cash and cash equivalents	(17,348)	(5,619)
Opening balance	195,968	135,258
Exchange differences	3,490	(3,945)
Closing balance	182,110	125,694

The table shows the changes in cash and cash equivalents as at 31 March 2019 which total €183.9 million (€200.5 million as at 31 December 2018) including short-term bank overdrafts equal to €1.8 million (€4.5 million as at 31 December 2018).

Total shareholders' equity and equity attributable to the Immsi Group

In thousands of euros	***Shareholders' equity shareholders' Group***	***Capital and reserves attributable to non-controlling interests***	***Total consolidated equity attributable to the Group and to non-controlling interests***
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***

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

Human resources

As at 31 March 2019, the Immsi Group employed 6,781 staff, of which 86 were in the property and holding sector, 6,425 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	31.03.2019			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	104	6	115
Middle managers and white collars	38	2,386	150	2,574
Manual workers	43	3,935	114	4,092
TOTAL	**86**	**6,425**	**270**	**6,781**

numbers	31.12.2018			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	100	7	112
Middle managers and white collars	35	2,378	147	2,560
Manual workers	29	4,037	113	4,179
TOTAL	**69**	**6,515**	**267**	**6,851**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	0	4	-1	3
Middle managers and white collars	3	8	3	14
Manual workers	14	-102	1	-87
TOTAL	**17**	**-90**	**3**	**-70**

Human resources by geographic segment

numbers	31.03.2019			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	86	3,322	270	3,678
Rest of Europe	0	178	0	178
Rest of the World	0	2,925	0	2,925
TOTAL	**86**	**6,425**	**270**	**6,781**

numbers	31.12.2018			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	69	3,324	267	3,660
Rest of Europe	0	179	0	179
Rest of the World	0	3,012	0	3,012
TOTAL	**69**	**6,515**	**267**	**6,851**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	17	-2	3	18
Rest of Europe	0	-1	0	-1
Rest of the World	0	-87	0	-87
TOTAL	**17**	**-90**	**3**	**-70**

The headcount situation compared to 31 December 2018 is slightly down. It should be noted that the Group hires seasonal staff on temporary contracts to cope with the peaks in demand typical of the summer months.

For further information relating to the Group’s workforce (such as remuneration and training policies, diversity and equal opportunities, safety, etc.), reference should be made to the comments made in detail in the Social Dimension section of the consolidated non-financial declaration as at 31 December 2018 drawn up pursuant to Legislative Decree 254/2016.

Directors' comments on operations

As mentioned above, in the first three months of 2019, the Immsi Group saw a continuation of the trend in recent years of improving performance and finances, particularly in the industrial sector.
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	*31.03.2019*	*as a %*	*31.03.2018*	*as a %*	*Change*	*as a %*
Net revenues	961		726		235	32.4%
Operating income before depreciation and amortisation (EBITDA)	-619	n/m	-786	n/m	167	21.2%
Operating income (EBIT)	-866	n/m	-906	n/m	40	4.4%
Profit before tax	-4,997	n/m	-4,820	n/m	-177	-3.7%
Earnings for the period including non-controlling interests	-4,776	n/m	-4,618	n/m	-158	-3.4%
Group earnings for the period (which may be consolidated)	-2,561	n/m	-2,753	n/m	192	7.0%
Net debt	-379,305		-367,188		-12,117	-3.3%
Net debt (excl. IFRS 16)	-377,710		-367,188		-10,522	-2.9%
Personnel (number)	86		79		7	8.9%

Overall, the **real estate and holding sector** reported a consolidated net loss of €2.6 million in the first three months of 2019, compared with a consolidated net loss of €2.8 million in the first three months of 2018. Net debt for the sector amounted to €379.3 million (compared with €375.3 million and €367.2 million as at 31 December 2018 and 31 March 2018 respectively).

The operating outlook of main companies belonging to the sector in the first nine months of 2018 is described below, with reference to the separate financial statements of each company (therefore including intergroup eliminations).

In the first quarter of 2019, the **parent company Immsi S.p.A.** reported an operating loss (EBIT) of €0.2 million (slightly worse than the substantial break-even recorded in the first three months of the previous year) and a net loss of €0.2 million, in line with that recorded in the same period of 2018.
In preparing this Interim Report on Operations as at 31 March 2019, 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.

Net financial debt at 31 March 2019 amounted to €66.2 million, a marked improvement on the figure as at 31 March 2018, which amounted to €74.1 million, mainly due to the cash flow generated by operations.

With regard to initiatives in the **real estate sector** and in particular with reference to the subsidiary company **Is Molas S.p.A.**it should be noted that construction work on the construction of the first 15 villas and the first part of the primary urban planning works has been completed and the company has delivered the four finished mockup villas and the remaining 11 villas at an advanced state of construction, so as to allow potential customers to choose the flooring and interior finishes. The company considered renting mockup villas to enable end customers, including investors, to better understand the product and its services. At the same time, the company is continuing the marketing activities aimed at identifying buyers, including internationally.
Revenues for the first three months of 2019, mainly generated by the tourism, hotels and golf activity, were slightly higher than in the same period of 2018 (approximately €0.4 million). In terms of margins, the company reported an operating loss of approximately €0.6 million and a consolidated net loss of €0.4 million, slightly better than in the same period of 2018.
The company's net debt was €71.1 million, with a cash absorption of €2.2 million compared to 31 December 2018 (when it was €69 million) as a result of the net cash flow absorbed by the management in particular to finance the progress of construction work on the real estate project.

With reference to the Pietra Ligure project, activities aimed at identifying potential parties interested in development of the Project continued.
The net profit/loss for consolidation purposes of **Pietra S.r.l.** in the first quarter of 2019 was substantially at break-even, in line with the same period of the previous year, while net financial debt remained unchanged from 31 December 2018 and amounted to €2.7 million.
The consolidated result of **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l., which includes the Pietra Ligure real estate complex and the related Concession and Urban Planning Agreement, shows a loss of €0.1 million, as in the first three months of 2018, and net financial debt rose slightly from €1 million to €1.6 million.

With reference to the subsidiary **Apuliae S.r.l.** no further information is available in addition to comments in the Directors' Report on Operations and Financial Statements of the Immsi Group as at 31 December 2018, to which reference is made. As at 31 March 2019, the company posted a substantial break-even position, with net debt unchanged compared to 31 December 2018 and amounting to a negative value of €0.7 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. holds a 72.51% stake, and sole shareholder of Intermarine S.p.A., reported a net loss for consolidation purposes for the Immsi Group equal to approximately €0.9 million (in line with the first three months of 2018) and net financial debt as at 31 March 2019 amounting to €123 million, unchanged compared to the figure as at 31 December 2018.
- **ISM Investimenti S.p.A.**, is held by Immsi S.p.A. with a 72.64% share in terms of voting rights and is the parent company of Is Molas S.p.A. with a 92.59% share as at 31 March 2019. 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 41.81% as at 31 March 2019. ISM Investimenti S.p.A. reported a consolidated net loss for the Immsi Group of approximately €0.9 million (-€1 million in the same period of 2018) and net financial debt as at 31 March 2019 of €114 million, a slight increase over the figure as at 31 December 2018 (equal to approximately €113.7 million).

Industrial sector

In thousands of euros	*31.03.2019*	*as a %*	*31.03.2018*	*as a %*	*Change*	*as a %*
Net revenues	346,190		312,312		33,878	10.8%
Operating income before depreciation and amortisation (EBITDA)	49,465	14.3%	43,205	13.8%	6,260	14.5%
Operating income (EBIT)	20,669	6.0%	14,496	4.6%	6,173	42.6%
Profit before tax	14,243	4.1%	6,951	2.2%	7,292	104.9%
Earnings for the period including non-controlling interests	7,834	2.3%	3,961	1.3%	3,873	97.7%
Group earnings for the period (which may be consolidated)	3,932	1.1%	1,983	0.6%	1,949	98.3%
Net debt	-476,409		-502,937		26,528	5.3%
Net debt (excl. IFRS 16)	-456,139		-502,937		46,798	9.3%
Personnel (number)	6,425		6,632		-207	-3.1%

In the first three months of 2019, the Piaggio group sold 140,400 vehicles around the world, recording growth compared to the first quarter of the year before, when the vehicles sold amounted to 129,700. Sales were up in Asia Pacific 2W (+16.8%), India (+7%) and EMEA and Americas (+6.7%). With regard to the type of product, although growth was concentrated in Commercial Vehicles (+13.4%), it was also good for Two-Wheeler Vehicles (+5%).

In terms of consolidated turnover, the Piaggio group ended the first quarter of 2019 with net revenues up considerably compared to the same period of 2018 (+10.8%).
All geographical areas reported growth. Growth is concentrated in Asia Pacific (+26%; +19.6% at constant exchange rates) and in India (+14.9%; +15.4% at constant exchange rates). In EMEA and Americas revenues grew by 5.7%.
With regard to the type of products, the increase was greater for Commercial Vehicles (+16.9%) and more contained for Two-Wheeler Vehicles (+7.9%). As a result, the percentage of Two-Wheeler Vehicles in overall turnover fell from 67.3% in the first three months of 2018 to the current figure of 65.5%; conversely, the percentage of Commercial Vehicles of overall turnover increased from 32.7% in the first three months of 2018 to the current figure of 34.5%.

Consolidated operating income before depreciation and amortisation (EBITDA) for the first three months of 2019 improved compared to the same period in the previous year and was equal to €49.5 million (€43.2 million in the first three months of 2018). The EBITDA margin on turnover was 14.3% (13.8% in the first three months of 2018). In terms of Operating Income (EBIT), the performance of the year in progress has improved with consolidated EBIT of €20.7 million. The EBIT margin on turnover was 6%, up from 4.6% in the same period last year.

Expense from financial activities was up on the first three months of last year, thanks to the lower debt exposure and the reduction in the cost of debt, ending with a net expense of €6.4 million (€7.5 million in the first quarter of 2018). The improvement is only partially mitigated by the effects deriving from currency management.

Net income including minority interests amounted to €7.8 million (2.3% of turnover), up on the €4 million (1.3% of turnover) reported for the same period of the previous year. Taxation on profit before taxes is estimated to be equal to 45% 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 2019 amounted to €3 million (an improvement compared to the figure for the same period of the previous year of €2 million).

Net financial debt as of 31 March 2019 was equal to €476.4 million, compared to €429.2 million as at 31 December 2018. The increase of approximately €47.2 million is due to two effects:

- the adoption starting from 1 January 2019 of the new accounting standard IFRS 16 which had a negative effect of approximately €20.3 million on the Piaggio group's net financial debt;
- the seasonality of the two-wheeler market, which is known to absorb resources in the first half of the year and generate them in the second half.

Compared to 31 March 2018, net financial debt decreased by approximately €26.5 million (€46.8 million excluding the effect of the application of the new accounting standard IFRS 16).

Marine sector

In thousands of euros	*31.03.2019*	*as a %*	*31.03.2018*	*as a %*	*Change*	*as a %*
Net revenues	15,536		19,581		-4,045	-20.7%
Operating income before depreciation and amortisation (EBITDA)	2,194	14.1%	3,084	15.7%	-890	-28.9%
Operating income (EBIT)	1,340	8.6%	2,543	13.0%	-1,203	-47.3%
Profit before tax	895	5.8%	2,225	11.4%	-1,330	-59.8%
Earnings for the period including non-controlling interests	540	3.5%	1,485	7.6%	-945	-63.6%
Group earnings for the period (which may be consolidated)	392	2.5%	1,077	5.5%	-685	-63.6%
Net debt	-49,399		-56,472		7,073	12.5%
Net debt (excl. IFRS 16)	-48,406		-56,472		8,066	14.3%
Personnel (number)	270		270		0	0.0%

With reference to the income data of the **marine sector** (Intermarine S.p.A.), during the first three months of 2019, net sales revenues (consisting of sales and changes in work in progress) amounted to €15.5 million, compared to €19.6 million in the corresponding period of 2018. Production progress, including research and development, and the completion of constructions and deliveries, concerned in particular:

- the Defence division, with €11.9 million (€15.1 million in the first three months of 2018), mainly for progress on Italian Finance Police orders, modernisation of the Italian Navy's Gaeta Class minesweeper, very high speed multi-purpose vessels with the Italian Navy, and for the second and third integrated minesweeper platform with an Italian operator in the sector;

- the *Fast Ferries* and *Yacht* divisions, with a total of €3.6 million (€4.5 million in the first quarter of 2018), mainly for activities at the Messina shipyard and revenues from the Marine Systems division, in particular the construction of 2 very high speed vessels for the Italian Navy and the repair of civil vessels for the customer Navigazione Laghi, part of the Ministry of Transport.

In view of the above, an operating income (EBIT) of €1.3 million was recorded for the first three months of 2019, a contraction of approximately €1.2 million compared to the same period of the previous year (when this figure stood at an income of € 2.5 million). As regards profit before tax, a positive value of €0.9 million was recorded (compared to a positive value of €2.2 million in the same period of 2018) while the net loss for consolidation purposes for the Immsi Group as at 31 March 2019 amounted to €0.4 million, compared to a profit of €1.1 million recorded in the same period of the previous year.

The order book as at 31 March 2019 amounted to approximately €161 million and refers to:

- Italian Navy, Gaeta Refitting Programme for €23 million,
- Italian Navy, supply of 2 very high speed Multipurpose Naval Units for €11 million,
- Italian Finance Police for €7 million,
- Integrated minesweeper platforms for Italian operators for €106 million,
- Contract with the Ministry of Infrastructure and Transport - Harbour Offices for €13 million.

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

In the first months of 2019, 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.
From a financial point of view, net financial debt, amounting to €49.4 million as at 31 March 2019, increased compared to the balance as at 31 December 2018, amounting to €47.5 million, and improved (-€7.1 million) compared to the balance of €56.5 million as at 31 March 2018.

Events subsequent to 31 March 2019 and outlook for development of management

With regard to the business outlook of the Immsi Group, with reference to the subsidiary **Is Molas S.p.A.**, the company is proceeding with the commercial activities aimed at identifying possible purchasers, also at an international level.

With regard to the **industrial sector**, it should be noted that in a context of strengthening the Piaggio group on global markets, the Group is committed to:

- confirming its leadership position on the European two-wheeler market, optimally levering expected recovery by further consolidating the scooter and motorcycle product ranges;
- maintaining current positions on the European commercial vehicles markets, further consolidating the sales network;
- consolidating its presence in Asia Pacific, exploring new opportunities in countries in the area, with a particular focus on the premium segment of the market;
- strengthening sales on the Indian scooter market thanks to the Vespa and Aprilia product ranges;
- increasing the penetration of commercial vehicles in India, thanks to the introduction of new engines.

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 the past and for operations in 2019 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

With reference to the **shipbuilding sector**, in 2019 the production progress of the orders acquired will be significantly developed, with the aim of consolidating the strengthening of capital underway in recent years. In addition, Intermarine S.p.A is involved in various negotiations, particularly in the Defence sector, aimed at requiring more contracts that will allow to increase the purchase order book and consequently provide the conditions to enable the company to optimise its production capacity over the coming years.