Immsi

Società per Azioni

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

30 September 2019

This Interim Financial Report as of 30 September 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 document was approved by the Board of Directors of Immsi S.p.A. on 13 November 2019 and is available for the public to consult at the Registered Office of the Company,
in the centralised storage system "eMarket Storage" at www.emarketstorage.com
and on the Issuer's website 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

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***

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***
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 PROPOSALS 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 nine months of 2019, the Immsi Group confirmed the improvement of recent years, in both economic and financial terms. All ratios increased compared to 2018: turnover went up by 8.9%, EBITDA 9.1% and net profit including the portion attributable to non-controlling interests amounted to €32.8 million compared to €29.2 million in the same period of 2018. Financial debt amounted to €827 million at 30 September 2019 (€821.7 million at 30 September 2018); in September, the subsidiary Piaggio & C. S.p.A. distributed an interim dividend for a total of €19.7 million (€9.9 million received by the parent company Immsi S.p.A.); moreover, the introduction of the new accounting standard "IFRS 16 – Leases" as from 1 January 2019 increased financial debt which was equal to €21.4 million. Excluding the above effects, financial debt at 30 September 2019 would have amounted to €795.8 million, improving considerably on the figure at 30 September 2018 (€-25.9 million).
Earnings for the period have different trends with reference to the sectors comprising the Group, based on different business performance for 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 at 30 September 2019

In thousands of euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	4,066		1,200,453		49,233		1,253,752	
Operating income before depreciation and amortisation (EBITDA)	-1,860	n/m	188,808	15.7%	5,230	10.6%	192,178	15.3%
Operating income (EBIT)	-2,355	n/m	99,550	8.3%	2,633	5.3%	99,828	8.0%
Profit before tax	-14,253	n/m	81,483	6.8%	1,259	2.6%	68,489	5.5%
Earnings for the period including non-controlling interests	-13,870	n/m	46,038	3.8%	594	1.2%	32,762	2.6%
Group earnings for the period (which may be consolidated)	-7,158	n/m	23,109	1.9%	431	0.9%	16,382	1.3%
Net debt	-367,324		-405,146		-54,523		-826,993	
Net debt (pursuant to IFRS 16)	-366,162		-386,105		-53,328		-805,595	
Personnel (number)	110		6,313		260		6,683	

As stated, the new accounting standard IFRS 16 - Leases has been adopted since 1 January 2019. For the impacts, reference is made to the section "New accounting standards, amendments and interpretations adopted from 1 January 2019". The Group opted to use the simplified transition approach, and therefore comparative amounts of the year prior to first-time adoption were not modified.

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

Immsi Group at 30 September 2018

In thousands of euros	***Property and holding sector***	***as a %***	***Industrial sector***	***as a %***	***Marine sector***	***as a %***	***Immsi Group***	***as a %***
Net revenues	3,959		1,093,740		53,900		1,151,599	
Operating income before depreciation and amortisation (EBITDA)	-2,172	n/m	165,964	15.2%	12,401	23.0%	176,193	15.3%
Operating income (EBIT)	-2,520	n/m	84,925	7.8%	9,966	18.5%	92,371	8.0%
Profit before tax	-13,974	n/m	66,089	6.0%	8,763	16.3%	60,878	5.3%
Earnings for the period including non-controlling interests	-13,220	n/m	36,349	3.3%	6,027	11.2%	29,156	2.5%
Group earnings for the period (which may be consolidated)	-7,718	n/m	18,233	1.7%	4,370	8.1%	14,885	1.3%
Net debt	-369,594		-405,109		-46,995		-821,698	
Personnel (number)	106		6,754		265		7,125	

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 interim 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 (or net debt)**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. The other financial assets and liabilities arising from the fair value measurement of derivative financial instruments designated as hedges, the fair value adjustment of related hedged items, relative accruals, interest accrued on loans and financial liabilities related to assets held for disposal are not, however, included in the calculation of net financial debt. The tables in this Report include a table showing times used to determine the ratio. 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 Consob Regulation on Issuers 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 operating outlook is provided later in the specific paragraph of this Report.

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company has indicated fewer details than required by IAS 34 – Interim Financial Reporting.
The information in this Report should be read together with the Consolidated Financial Statements at 31 December 2018, prepared according to IFRS.

The reclassified Income Statement and Statement of Comprehensive Income relative to the first nine months of 2019 are given below, compared to the same period of 2018, as well as the reclassified Statement of Financial Position at 30 September 2019, compared to the situation at 31 December 2018 and 30 September 2018 and the Statement of Cash Flows at 30 September 2019 compared to the same period of 2018. The Statement of changes in shareholders' equity at 30 September 2019, compared with figures for the same period of the previous year is also presented.

In the first nine months of 2018, and same period in 2019, there were no significant non-recurring transactions, as defined by Consob Communication no. DEM/6064293 of 28 July 2006, nor were there 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 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.

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

The financial statements have been prepared assuming the company is a going concern. The Directors considered, despite the difficult economic and financial context, that the currently available funds, in addition to those that will be generated from operating and financing activities, will enable the Group to meet its own needs arising from investments, management of working capital and repayment of debts when they become due, and will ensure an adequate level of operational and strategic flexibility.
The above is based on the fundamental premise that:

- the main assumptions used in forecasts, in particular with reference to the disposal of assets and services, and consequent inflows, will occur and that
- the various lines that will become due in the next 12 months, and in particular for the Parent Company Immsi S.p.A., will be fully renewed by the banks, or new lines already agreed or to search on the market may be activated thanks to the availability of guarantees that these contracts usually require.

A further fundamental requirement is that values of guarantees and/or financial covenants are met, or if not met, banks are willing to //exonerate non-compliance.
With reference to the above, at 31 December 2018, as regards the short-term reclassification of the entire debt of Immsi S.p.A. and some subsidiaries following some financial covenants not being met, the situation has been remedied and the settlement dates restored in the financial statements.

This Interim Report on Operation 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 September 2019	Average exchange rate first nine months of 2019	Spot exchange rate at 31 December 2018	Average exchange rate first nine months of 2018
US Dollar	1.0889	1.12362	1.1450	1.19420
Pounds Sterling	0.88573	0.883464	0.89453	0.88405
Indian Rupee	77.1615	78.83009	79.7298	80.19052
Singapore Dollars	1.5060	1.53324	1.5591	1.60033
Chinese Renminbi	7.7784	7.71347	7.8751	7.77886
Croatian Kuna	7.4110	7.41086	7.4125	7.41765
Japanese Yen	117.59	122.56963	125.85	130.92534
Vietnamese Dong	25,156.91	25,906.44125	26,230.56	27,174.07228
Canadian Dollars	1.4426	1.49349	1.5605	1.53724
Indonesian Rupiah	15,456.93	15,929.37792	16,565.86	16,769.34251
Brazilian Real	4.5288	4.36465	4.4440	4.29662

This Interim Report on Operations at 30 September 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 the Interim Report on Operations at 30 September 2019, the Immsi Group adopted the same accounting standards as those used for the Consolidated Financial Statements at 31 December 2018 (to which reference is made for further details), with the exception of the following.

<u>New accounting standards, amendments and interpretations adopted 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 are 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 rental 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 opted to use the simplified transition approach, and therefore comparative amounts of the year prior to first-time adoption were not modified. Assets recognised for rights to use are measured for the amount of the lease debt at the time of adoption.
The effects of adopting IFRS 16 on the financial statements at 30 September 2019 are summarised in the following table.

In thousands of euro	**3rd Quarter 2019**	**Impact IFRS 16**	**3rd quarter 2019 without adopting IFRS 16**
Plant, property and equipment	332,380	27,476	304,904
Assets held for disposal	33,453	5,917	27,536
Lease-use liabilities	21,398	21,398	-
Lease-use liabilities related to assets held for disposal	6,007	6,007	-
Trade receivables and other non-current receivables	15,174	(7,536)	22,710
Current trade receivables and other receivables	182,133	(167)	182,300
Depreciation and impairment costs of property, plant and equipment	(36,931)	(5,444)	(31,487)
Costs for services, leases and rentals	(208,205)	5,783	(213,988)
Other operating costs	(17,598)	235	(17,833)
Net borrowing costs	(31,963)	(947)	(31,016)
Effect on the income statement before taxes	68,489	(373)	68,862

The change in the item Other non-current receivables refers to lease payments paid in advance by Asian companies of the Piaggio group for concessions concerning land where production sites are located being reclassified under the item lease-use rights, the change in the item Other current receivables refers to lease payments paid in advance by an Indonesian company of the Piaggio group for a lease agreement that started in September 2019 being reclassified under the item lease-use rights and that consolidated financial debt does not include lease liabilities related to assets held for sale, referred exclusively to the company Pietra Ligure S.r.l.

IFRS 9 - In October 2017, the IASB published an amendment to IFRS 9 “Prepayment features with negative compensation". The amendment confirms that when a financial liability recognised at amortised cost is changed without this resulting in de-recognition, the relative profit or loss must be immediately recognised in profit or loss. The profit or loss are measured as the difference between the previous cash flow and the flow redetermined based on the change. This amendment, applicable from 1 January 2019, did not have a significant impact on the financial statements or disclosure.

IAS 28 - The amendments issued in October 2017 clarify that entities must apply the provisions of IFRS 9 ”Financial instruments” to non-current investments in associates and joint ventures for which the equity method is not applied. The amendments are applicable from 1 January 2019 and did not have a significant impact on the financial statements or on disclosure.

Annual amendments to IFRS 2015–2017 (IFRS 3, IFRS 11, IAS 12 and IAS 23) - 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 from 1 January 2019 and did not have a significant impact on the financial statements or on disclosure.

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

IFRIC 23 - 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 became effective on 1 January 2019 and did not have a significant impact on the financial statements or on disclosure.

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 potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

Scope of consolidation

For the purposes of consolidation, the financial statements at 30 September 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 subsidiary companies or those with low operating levels as their influence on the final result of the Group is insignificant.

The consolidated shareholders' equity of Piaggio & C. S.p.A. changed from 50.16% at 30 September 2018, to 50.18% at 31 December 2018 and to 50.20% at 30 September 2019 due to the subsidiary purchasing an additional 105,000 treasury shares during the first nine months of 2019 (a total of 898,818 treasury shares held).
The scope of consolidation at 30 September 2019 compared to the Consolidated Financial Statements at 31 December 2018 has not changed, while compared to 30 September 2018, it has changed as follows:

- as regards the portion held by the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., considering the different equity rights of the two shareholders and analysis of impairment testing, the portion of consolidated shareholders' equity of ISM Investimenti S.p.A. was estimated to be equal to 41.81% at 31 December 2018, down on the figure of 51.55% at 30 September 2018;
- On 14 December 2018, liquidation of the First Atlantic property fund was completed.

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 Immsi Group structure, see the attachment to the Notes to the Financial Statements at 31 December 2018, which is referred to herein.

Reclassified consolidated financial statements and relative notes

Reclassified income statement of the Immsi Group

In thousands of euros	*30.09.2019*		*30.09.2018*		*Change*	
Net revenues	**1,253,752**	**100%**	**1,151,599**	**100%**	**102,153**	**8.9%**
Costs for materials	740,603	59.1%	658,429	57.2%	82,174	12.5%
Costs for services, leases and rentals	208,205	16.6%	196,863	17.1%	11,342	5.8%
Employee costs	187,861	15.0%	180,368	15.7%	7,493	4.2%
Other operating income	93,890	7.5%	81,128	7.0%	12,762	15.7%
Net reversals (impairment) of trade and other receivables	-1,197	-0.1%	-1,625	-0.1%	428	26.3%
Other operating costs	17,598	1.4%	19,249	1.7%	-1,651	-8.6%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**192,178**	**15.3%**	**176,193**	**15.3%**	**15,985**	**9.1%**
Depreciation and impairment costs of property, plant and equipment	36,931	2.9%	31,053	2.7%	5,878	18.9%
Impairment of goodwill	-	-	-	-	-	-
Amortisation and impairment costs of intangible assets with a definite useful life	55,419	4.4%	52,769	4.6%	2,650	5.0%
OPERATING INCOME	**99,828**	**8.0%**	**92,371**	**8.0%**	**7,457**	**8.1%**
Income/(loss) from investments	624	0.0%	757	0.1%	-133	-
Financial income	12,931	1.0%	18,979	1.6%	-6,048	31.9%
Borrowing costs	44,894	3.6%	51,229	4.4%	-6,335	12.4%
PROFIT BEFORE TAX	**68,489**	**5.5%**	**60,878**	**5.3%**	**7,611**	**12.5%**
Taxes	35,727	2.8%	31,722	2.8%	4,005	12.6%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**32,762**	**2.6%**	**29,156**	**2.5%**	**3,606**	**12.4%**
Gain (loss) from assets held for disposal or sale	-	-	-	-	-	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**32,762**	**2.6%**	**29,156**	**2.5%**	**3,606**	**12.4%**
Earnings for the period attributable to non-controlling interests	16,380	1.3%	14,271	1.2%	2,109	14.8%
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**16,382**	**1.3%**	**14,885**	**1.3%**	**1,497**	**10.1%**

Statement of comprehensive income of the Immsi Group

In thousands of euros	*30.09.2019*	*30.09.2018*
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**32,762**	**29,156**
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	226	(727)
Actuarial gains (losses) on defined benefit plans	(3,050)	(1,116)
Total	(2,824)	(1,843)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	100	216
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	4,068	(8,889)
Total	4,168	(8,673)
Other Consolidated Comprehensive Income (Expense)	1,344	(10,516)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	**34,106**	**18,640**
Comprehensive earnings for the period attributable to non-controlling interests	16,978	9,372
COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**17,128**	**9,268**

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

Net revenues

Consolidated net revenues at 30 September 2019 amounted to €1,253.8 million, of which 95.7%, equal to 1,200.5 million Euro attributable to the industrial sector (Piaggio group), 3.9%, equal to €49.2 million, to the marine sector (Intermarine S.p.A.), and the remaining part, of approximately €4.1 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, the Piaggio group closed the first nine months of 2019 with net revenues equal to 1,200.5 million Euro, up by 9.8% compared to the same period of 2018, thanks to the contribution of all geographic segments. At constant exchange rates, the increase in turnover was equal to approximately €89 million (8.2%).

With reference to the marine sector (Intermarine S.p.A.), consolidated revenues amounted to €49.2 million at 30 September 2019, down 8.7% compared to the figure of €53.9 million at 30 September 2018.

As regards the property and holding sector, net revenues at 30 September 2019 amounted to approximately €4.1 million, up slightly (€+0.1 million) compared to the first nine months of 2018.

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

Consolidated operating income before depreciation, amortisation and impairment costs of property, plant and equipment and intangible assets (EBITDA) amounted to €192.2 million at 30 September 2019, equal to 15.3% of net revenues, improving by approximately €16 million compared to the EBITDA for the first nine months of 2018.

The component attributable to the industrial sector (Piaggio group) amounted to €188.8 million, up by €22.8 million compared to the figure at 30 September 2018 (equal to €166 million), and accounting for 15.7% of the net revenues of the sector (15.2% at 30 September 2018). The component attributable to the marine sector (Intermarine S.p.A.) was equal to €5.2 million, down on the figure of €12.4 million recorded in the same period of the previous year. Lastly, the component attributable to the property and holding sector was negative €1.9 million (negative €2.2 million at 30 September 2018).

The main costs of the Immsi Group included personnel costs of €187.9 million, an increase on the figure recorded for the same period in 2018, which was equal to €180.4 million (accounting for 15% of net revenues, down from 15.7% for the first nine months of 2018). The average workforce in the first nine months of 2019 (6,834 units) was slightly down compared to the same period of the previous year (7,096 units).
The growth in EBITDA was in part (€+6 million) due to the adoption of IFRS 16 as from 1 January 2019.

Operating income (EBIT)

Operating income (EBIT) in the first nine months of 2019 amounted to €99.8 million, equal to 8% of net revenues. The increase compared to the same period of the previous year amounted to approximately €7.5 million (+8.1%). In the previous year, consolidated operating income (EBIT) in the first nine months amounted to €92.4 million, accounting for 8% of net revenues.

The component attributable to the industrial sector (Piaggio group) amounted to €99.6 million, accounting for 8.3% of sector net revenues, improving compared to the figure of €84.9 million at 30 September 2018. The component attributable to the marine sector (Intermarine S.p.A.) was equal to €2.6 million, down by approximately €7.3 million compared to the same period of 2018. Lastly, the component attributable to the property and holding sector was negative €2.4 million, improving (€+0.2 million) on the figure recorded for the first nine months of the previous year.

Depreciation and amortisation for the period, including impairment costs, totalled €92.4 million (up by €8.5 million compared to the figure for the first nine months of 2018), accounting for 7.3% of net revenues, substantially in line with the same period of 2018, comprising depreciation of property, plant and equipment amounting to €36.9 million (€31.1 million at 30 September 2018) and amortisation of intangible assets amounting to €55.4 million (€52.8 million in the same period of 2018). In particular, depreciation and amortisation referable to the industrial sector (Piaggio group) amounted to approximately €89.3 million (€81 million at 30 September 2018), of which 35.6 million relative to property, plant and equipment and 53.7 million to intangible assets.
The increase for the period is due in part (€+5.4 million) to the adoption of the accounting standard IFRS 16 as from 1 January 2019.

No impairment of goodwill was recognised in the first nine months 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 at 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 nine 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 at 30 September 2019 amounted to €68.5 million, increasing by €7.6 million compared to the consolidated value (€60.9 million) recorded in the first nine months of the previous year.

Borrowing costs, net of income and earnings from investments amounted to €31.3 million in the first nine months of 2019, accounting for 2.6% of net revenues, compared to €31.5 million at 30 September 2018 (accounting for 2.7% of net revenues). This figure at 30 September 2019 is due to the contribution from the industrial sector for €18.1 million (€18.8 million in the first nine months of 2018), the marine sector for €1.4 million (€1.2 million in the first nine months of 2018) and the property and holding sector for the remainder (€11.9 million in the first nine months of 2019 compared to €11.5 million in the same period of the previous year).
The adoption of IFRS 16 as from 1 January 2019 resulted in the recognition of higher borrowing

costs by approximately €0.9 million.
The decrease in net borrowing costs equal to approximately €1.1 million excluding the effects of IFRS 16, compared to the same period of the previous year, is mainly due to the reduction in average debt (net of the effects of IFRS 16) and the lower cost of debt.

Earnings for the period attributable to the Group

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, at 30 September 2019 recorded a profit equal to €16.4 million (1.3% of net revenues for the period), increasing by €1.5 million compared to the earnings of €14.9 million in the same period of the previous year (1.3% of net revenues for the period).

Taxes accruing in the period represented a cost of approximately €35.7 million (during the first nine months of 2018, a cost of €31.7 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 euro

From continuing and discontinued operations:	*30.09.2019*	*30.09.2018*
Basic	0.048	0.044
Diluted	0.048	0.044
Average number of shares:	340,530,000	340,530,000

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

Reclassified statement of financial position of the Immsi Group

In thousands of euros	30.09.2019	as a %	31.12.2018	as a %	30.09.2018	as a %
Current assets:						
Cash and cash equivalents	222,617	10.0%	200,450	9.5%	202,058	9.4%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	549,020	24.5%	486,987	23.1%	546,768	25.5%
Total current assets	**771,637**	**34.5%**	**687,437**	**32.6%**	**748,826**	**34.9%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	840,861	37.6%	833,805	39.5%	823,771	38.4%
Plant, property and equipment	332,380	14.9%	300,860	14.2%	291,417	13.6%
Other assets	291,711	13.0%	289,201	13.7%	280,863	13.1%
Total non-current assets	**1,464,952**	**65.5%**	**1,423,866**	**67.4%**	**1,396,051**	**65.1%**
TOTAL ASSETS	**2,236,589**	**100.0%**	**2,111,303**	**100.0%**	**2,144,877**	**100.0%**
Current liabilities:						
Financial liabilities	455,091	20.3%	532,096	25.2%	464,536	21.7%
Operating liabilities	687,133	30.7%	585,098	27.7%	651,315	30.4%
Total current liabilities	**1,142,224**	**51.1%**	**1,117,194**	**52.9%**	**1,115,851**	**52.0%**
Non-current liabilities:						
Financial liabilities	594,519	26.6%	520,383	24.6%	559,220	26.1%
Other non-current liabilities	112,379	5.0%	94,351	4.5%	91,584	4.3%
Total non-current liabilities	**706,898**	**31.6%**	**614,734**	**29.1%**	**650,804**	**30.3%**
TOTAL LIABILITIES	**1,849,122**	**82.7%**	**1,731,928**	**82.0%**	**1,766,655**	**82.4%**
TOTAL SHAREHOLDERS' EQUITY	**387,467**	**17.3%**	**379,375**	**18.0%**	**378,222**	**17.6%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,236,589**	**100.0%**	**2,111,303**	**100.0%**	**2,144,877**	**100.0%**

Analysis of capital employed by the Immsi Group

In thousands of euros	30.09.2019	as a %	31.12.2018	as a %	30.09.2018	as a %
Current operating assets	549,020	41.4%	486,987	36.7%	546,768	42.3%
Current operating liabilities	-687,133	-51.8%	-585,098	-44.1%	-651,315	-50.4%
Net operating working capital	**-138,113**	**-10.4%**	**-98,111**	**-7.4%**	**-104,547**	**-8.1%**
Intangible assets	840,861	63.4%	833,805	62.9%	823,771	63.8%
Plant, property and equipment	332,380	25.1%	300,860	22.7%	291,417	22.6%
Other assets	291,711	22.0%	289,201	21.8%	280,863	21.7%
Capital employed	**1,326,839**	**100.0%**	**1,325,755**	**100.0%**	**1,291,504**	**100.0%**
Non-current non-financial liabilities	112,379	8.5%	94,351	7.1%	91,584	7.1%
Capital and reserves of non-controlling interests	135,588	10.2%	144,389	10.9%	147,643	11.4%
Consolidated shareholders' equity attributable to the Group	251,879	19.0%	234,986	17.7%	230,579	17.9%
Total non-financial sources	**499,846**	**37.7%**	**473,726**	**35.7%**	**469,806**	**36.4%**
Net financial debt	**826,993**	**62.3%**	**852,029**	**64.3%**	**821,698**	**63.6%**

Capital employed

Capital employed amounted to €1,326.8 million at 30 September 2019, up by approximately €1.1 million compared to 31 December 2018, and by €35.3 million compared to 30 September 2018, when this value amounted to €1,325.8 million and €1,291.5 million respectively. In particular, compared to the value from the beginning of the year, the negative balance of net operating working capital increased by €40 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.
At 30 September 2019, property, plant and equipment and intangible assets totalled €1,173.2 million, up by €38.6 million compared to 31 December 2018 and by €58.1 million compared to 30 September 2018.
Approximately €27.5 million of the increase is due to the adoption of IFRS 16 as from 1 January 2019.

Net financial debt of the Immsi Group

The net financial debt of the Immsi Group, equal to €827 million at 30 September 2019, is analysed below and compared with the same data at 31 December 2018 and 30 September 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	*30.09.2019*	*31.12.2018*	*30.09.2018*
Short-term financial assets			
Cash and cash equivalents	-222,617	-200,450	-202,058
Financial assets	0	0	0
Total short-term financial assets	**-222,617**	**-200,450**	**-202,058**
Short-term financial payables			
Convertible	11,022	10,325	9,632
Payables due to banks	374,213	465,000	392,017
Amounts due under leases	1,153	1,237	1,242
Amounts due to other lenders	68,703	55,534	61,645
Total short-term financial payables	**455,091**	**532,096**	**464,536**
Total short-term financial debt	**232,474**	**331,646**	**262,478**
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			
Convertible	281,344	291,694	292,005
Payables due to banks	291,219	220,599	258,828
Amounts due under leases	7,156	7,930	8,213
Amounts due to other lenders	14,800	160	174
Total medium/long-term financial payables	**594,519**	**520,383**	**559,220**
Total medium-/long-term financial debt	**594,519**	**520,383**	**559,220**
Net financial debt	**826,993**	**852,029**	**821,698**

*) The measure includes financial assets and liabilities arising from fair value measurements of the financial derivatives used for hedging, the fair value adjustment of the relative hedged items equal to €6,778 thousand (€8,038 thousand and €7,470 thousand at 31 December 2018 and 30 September 2018 respectively) and relative accruals and deferrals.

At 30 September 2019, the Group had increased its debt compared to 30 September 2018 by approximately €5.3 million: this increase is mainly due to greater medium/long-term net debt, only partially offset by lower short-term debt.
Compared to the end of 2018, the Group's net financial debt at 30 September 2019 had fallen by approximately €25 million, attributable in particular to a considerable decrease in short-term financial liabilities and the seasonality of the Piaggio group's two-wheeler market.
Debt in 2019 includes the effects of the adoption of IFRS 16 that have had a negative impact of approximately €21.4 million on changes compared to the previous year (at the end of the year and in the interim), as they did not include this adoption.

Investments

Gross investments of the Group at 30 September 2019 totalled €93.8 million (€74 million in the same period of the previous year) of which €91.6 million referred to the Piaggio group. These investments refer to €61.5 million relative to intangible assets (€51.3 million in the first nine months of 2018) and €32.3 million relative to property, plant and equipment (compared to 22.7 million in the same period of the previous year).

Cash flow statement of the Immsi Group

In thousands of euros	*30.09.2019*	*30.09.2018*
Operating activities		
Profit before tax	68,489	60,878
Depreciation of property, plant and equipment (including investment property)	36,931	31,053
Amortisation of intangible assets	55,136	52,176
Provisions for risks and for severance indemnity and similar obligations	15,708	18,183
Write-downs (reversals of fair value measurements)	2,379	2,389
Losses / (Gains) on the disposal of property, plant and equipment (including investment property)	(38)	(98)
Financial income	(2,946)	(7,215)
Dividend income	(111)	(8)
Borrowing costs	34,796	39,633
Amortisation of grants	(4,332)	(2,589)
Change in working capital	54,023	(3,003)
Change in non-current provisions and other changes	(40,367)	(15,244)
Cash generated from operating activities	219,668	176,155
Interest paid	(26,125)	(31,084)
Taxes paid	(23,666)	(20,150)
Cash flow from operations	169,877	124,921
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	(212)	(1,272)
Investment in property, plant and equipment (including investment property)	(32,344)	(22,656)
Sale price, or repayment value, of property, plant and equipment (including investment property)	85	948
Investments in intangible assets	(61,452)	(51,313)
Sale price, or repayment value, of intangible assets	41	65
Collected interests	515	376
Sale price from assets held for disposal or sale	(5)	0
Grants received	2,114	0
Dividends from investments	111	0
Other changes	0	(13)
Cash flow from investing activities	(91,147)	(73,865)
Financing activities		
Loans received	72,646	329,090
Outflow for repayment of loans	(99,560)	(298,777)
Lease-use loans	536	0
Repayment of finance leases	(955)	(858)
Lease-use reimbursement	(5,180)	0
Outflow for dividends paid to non-controlling interests	(25,802)	(9,835)
Cash flow from financing activities	(58,315)	19,620
Increase / (Decrease) in cash and cash equivalents	20,415	70,676
Opening balance	195,968	135,258
Exchange differences	5,803	(3,999)
Closing balance	222,186	201,935

The table shows the changes in cash and cash equivalents at 30 September 2019 which total €222.6 million (200.5 million at 31 December 2018) including short-term bank overdrafts equal to €0.4 million (4.5 million at 31 December 2018).

Total shareholders' equity and equity attributable to the Immsi Group

In thousands of euros	*Consolidated shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total Group and non-controlling interests consolidated shareholders' equity*
Balances at 1 January 2018	***221,623***	***149,066***	***370,689***
Distribution of dividends	*0*	*(9,835)*	*(9,835)*
Other changes	*(312)*	*(960)*	*(1,272)*
Net comprehensive earnings for the period	*9,268*	*9,372*	*18,640*
Balances at 30 September 2018	***230,579***	***147,643***	***378,222***

In thousands of euros	*Consolidated shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total Group and non-controlling interests consolidated shareholders' equity*
Balances at 1 January 2019	***234,986***	***144,389***	***379,375***
Distribution of dividends	*0*	*(25,802)*	*(25,802)*
Other changes	*(235)*	*23*	*(212)*
Net comprehensive earnings for the period	*17,128*	*16,978*	*34,106*
Balances at 30 September 2019	***251,879***	***135,588***	***387,467***

Human resources

At 30 September 2019, the Immsi Group employed 6,683 staff, of which 110 in the property and holding sector, 6,313 in the industrial sector (Piaggio group) and 260 in the marine sector (Intermarine S.p.A.).
The following tables divide resources by category and geographic segment:

Human resources by category

numbers	**30.09.2019**			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	106	6	117
Middle managers and white collars	41	2,407	144	2,592
Manual workers	64	3,800	110	3,974
TOTAL	**110**	**6,313**	**260**	**6,683**

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	6	-1	5
Middle managers and white collars	6	29	-3	32
Manual workers	35	-237	-3	-205
TOTAL	**41**	**-202**	**-7**	**-168**

Human resources by geographic segment

numbers	30.09.2019			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	110	3,287	260	3,657
Rest of Europe	0	175	0	175
Rest of the World	0	2,851	0	2,851
TOTAL	**110**	**6,313**	**260**	**6,683**

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	41	-37	-7	-3
Rest of Europe	0	-4	0	-4
Rest of the World	0	-161	0	-161
TOTAL	**41**	**-202**	**-7**	**-168**

Compared to 31 December 2018, the workforce had decreased by 168 units, mainly due to the fall in numbers in the industrial sector in India. The Group hires temporary staff to cover peaks in demand typical of the summer months.

For further information on Group employees (including salary and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section Social Dimension of the Consolidated non-financial report at 31 December 2018, prepared pursuant to Legislative Decree 254/2016.

Directors' comments on operations

As stated, during the first nine months of 2019, the Immsi Group confirmed its excellent performance of recent years in both economic and financial terms, 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	*30.09.2019*	*as a %*	*30.09.2018*	*as a %*	*Change*	*as a %*
Net revenues	4,066		3,959		107	2.7%
Operating income before depreciation and amortisation (EBITDA)	-1,860	n/m	-2,172	n/m	312	14.4%
Operating income (EBIT)	-2,355	n/m	-2,520	n/m	165	6.5%
Profit before tax	-14,253	n/m	-13,974	n/m	-279	-2.0%
Earnings for the period including non-controlling interests	-13,870	n/m	-13,220	n/m	-650	-4.9%
Group earnings for the period (which may be consolidated)	-7,158	n/m	-7,718	n/m	560	7.3%
Net debt	-367,324		-369,594		2,270	0.6%
Net debt (pursuant to IFRS 16)	-366,162		-369,594		3,771	1.0%
Personnel (number)	110		106		4	3.8%

Overall, the **property and holding sector** posted a net loss for consolidation purposes in the first nine months of 2019 of approximately €7.2 million, compared to a net loss for consolidation purposes of €7.7 million at 30 September 2018. Net debt for the sector amounted to €367.3 million, compared with €375.3 million and €369.6 million at 31 December 2018 and 30 September 2018 respectively.

The operating outlook of main companies belonging to the sector in the first nine months of 2019 is described below, with reference to the separate financial statements of each company (therefore including intergroup eliminations).

In the first nine months of the 2019 financial year, the **Parent Company Immsi S.p.A** recorded negative EBIT of €0.5 million (down slightly compared to €0.3 million in the first nine months of the previous year) and a net profit of €26 million (€9.7 million at 30 September 2018) manly due to greater dividends distributed by subsidiaries compared to the previous year.
In preparing this Interim Report on Operations at 30 September 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 30 September 2019 amounted to €47.5 million, improving on the figure of €69.2 million at 30 September 2018, mainly due to cash flows from operations.

As regards initiatives in the **property sector** and in particular with reference to the subsidiary **Is Molas S.p.A.**, work site activities relative to the construction of the first 15 villas and first section of primary services were completed and the company handed over the four finished mock-up villas and the remaining 11 villas at an advanced construction stage, in such a way as to enable potential customers to select the flooring and interior finishes. The company assessed the opportunity of renting the mock-up villas in order to allow final customers, including investors, to find out about the product and relative services offered at close hand. At the same time, commercial activities are being carried out to identify possible buyers, also at international level.
Revenues for the first nine months of 2019 (€2.4 million), mainly from tourist/hotel and golf activities are basically in line with figures for the same period of 2018. In terms of margins, the company reported an operating loss of approximately €1.5 million (€1.8 million at 30 September 2018) and a net loss for consolidation purposes equal to €2.9 million, slightly improving (€0.1 million) compared to figures for the same period of the previous year.
The net debt of the company amounted to €70.7 million, with a cash flow absorption of €7.7 million compared to 31 December 2018, due to net cash flows used by operations (in particular for the construction of the property project), partially offset by the future increase in capital by the shareholder ISM Investimenti S.p.A. for €6 million.

With reference to the Pietra Ligure project, activities aimed at identifying potential parties interested in development of the Project continued.
The net loss for consolidation purposes of **Pietra S.r.l.** in the first nine months of 2019 was approximately €0.1 million, in line with the same period of the previous year, while net financial debt remained largely unchanged from 31 December 2018 and amounted to €2.7 million.
The net result for consolidation purposes of **Pietra Ligure S.r.l.**, controlled by Pietra S.r.l. and which encompasses the property segment of Pietra Ligure with the relative Planning Concession and Agreement, was €0.5 million negative (€0.3 million negative in the first nine months of 2018) and net financial debt increased, from €1 million (30 September 2018) to €2.2 million.

With reference to the subsidiary **Apuliae S.r.l.** no further information is available in addition to comments in the Directors' Report on Operations and Financial Statements of the Immsi Group at 31 December 2018, to which reference is made. At 30 September 2019, a loss of approximately €0.1 million was recorded, in line with the same period of the previous year and net debt was unchanged compared to 31 December 2018, amounting to negative €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 €4 million (a loss of €3.8 million in the first nine months of 2018), and net financial debt at 30 September 2019 equal to €123.4 million, up by €0.4 million compared to the figure at 31 December 2018.
- **ISM Investimenti S.p.A.**, is held by Immsi S.p.A. with a share of 72.64% in terms of voting rights and the parent company Is Molas S.p.A. with a share of 92.59% at 30 September 2019. Considering the different equity rights of the two shareholders and analysis of impairment testing, the portion of consolidated shareholders' equity of ISM Investimenti S.p.A. was estimated to be equal to 41.81% at 30 September 2019. ISM Investimenti S.p.A. recorded a net loss for consolidation purposes for the Immsi Group of approximately €2.7 million (€-3 million in the same period of 2018), and net financial debt at 30 September 2019 equal to €120.6 million, increasing on the figure at 31 December 2018 (equal to approximately €113.7 million).

Industrial sector

In thousands of euros	*30.09.2019*	*as a %*	*30.09.2018*	*as a %*	*Change*	*as a %*
Net revenues	1,200,453		1,093,740		106,713	9.8%
Operating income before depreciation and amortisation (EBITDA)	188,808	15.7%	165,964	15.2%	22,844	13.8%
Operating income (EBIT)	99,550	8.3%	84,925	7.8%	14,625	17.2%
Profit before tax	81,483	6.8%	66,089	6.0%	15,394	23.3%
Earnings for the period including non-controlling interests	46,038	3.8%	36,349	3.3%	9,689	26.7%
Group earnings for the period (which may be consolidated)	23,109	1.9%	18,233	1.7%	4,876	26.7%
Net debt	-405,146		-405,109		-37	0.0%
Net debt (pursuant to IFRS 16)	-386,105		-405,109		20,004	4.9%
Personnel (number)	6,313		6,754		-441	-6.5%

In the first nine months of 2019, the Piaggio group sold 479,200 vehicles worldwide, recording growth compared to the first nine months of the previous year, when 469,400 vehicles were sold. Sales volumes in Asia Pacific 2W (+18.7%), and in EMEA and the Americas (+4%) increased, while they decreased by 4.6% on the Indian market. As regards the type of products sold, the increase mainly referred to Two-wheeler Vehicles (+3.1%), while the trend for Commercial Vehicles basically remained stable (+0.1%).

In terms of consolidated turnover, the group closed the period ending 30 September 2019 with net revenues up compared to the same period in 2018 (+9.8%).
All geographic segments recorded positive trends (Asia Pacific +27.5%; +22.1% with constant exchange rates; India +4.2%; +2% with constant exchange rates; in EMEA and the Americas, revenues went up by 8.8%).
As regards product type, the increase in turnover was greater for Two-Wheeler Vehicles (+10.6%) and more moderate for Commercial Vehicles (+7.8%). As a result, the percentage of Commercial Vehicles accounting for overall turnover went down from 29.4% in the first nine months of 2018 to the current figure of 28.9%; vice versa, the percentage of Two-Wheeler vehicles accounting for overall turnover rose from 70.6% in the first nine months of 2018 to the current figure of 71.1%.

Consolidated operating income before depreciation and amortisation (EBITDA) for the first nine months of 2019 improved compared to the same period of the previous year and was equal to €188.8 million (€166 million in the first nine months of 2018). In relation to turnover, EBITDA was equal to 15.7% (15.2% at 30 September 2018). Operating income (EBIT) amounted to €99.5 million, up on the figure for the first nine months of 2018; in relation to turnover, EBIT was equal to 8.3%, (7.8% at 30 September 2018).

The results for financing activities improved compared to the first nine months of the previous financial year, due to a lower debt exposure and reduction in borrowing costs, with Net Charges amounting to €18.1 million (€18.8 million in the first nine months of 2018). The improvement was partly mitigated by effects arising from currency management, the recognition of non-recurrent net income in 2018 and the adoption of the new accounting standard IFRS 16 starting from the 2019 financial year.

Net profit including the portion attributable to non-controlling interests stood at €46 million (3.8% of turnover), up on the figure for the same period of the previous year, which was equal to €36.3 million (3.3% of turnover).

The portion of net profit which may be consolidated for the Immsi Group in the first nine months of 2019 amounted to 23.1 million Euro (an improvement compared to the figure for the same period of the previous year of 18.2 million Euro).

Net financial debt at 30 September 2019 was equal to €405.1 million, compared to €429.2 million at 31 December 2018. The improvement of approximately €24.1 million (€43.1 million excluding the effect of adopting the new accounting standard IFRS 16) is due to the positive performance of operations, which enabled the payment of dividends (€32.2 million relative to 2018 and €19.6 million relative to the interim divided on 2019 results) and funding of the investments programme.
Compared to 30 September 2018, net financial debt was basically stable (down by €19 million, excluding the effect of adopting the new accounting standard IFRS 16).

Marine sector

In thousands of euros	*30.09.2019*	*as a %*	*30.09.2018*	*as a %*	*Change*	*as a %*
Net revenues	49,233		53,900		-4,667	-8.7%
Operating income before depreciation and amortisation (EBITDA)	5,230	10.6%	12,401	23.0%	-7,171	-57.8%
Operating income (EBIT)	2,633	5.3%	9,966	18.5%	-7,333	-73.6%
Profit before tax	1,259	2.6%	8,763	16.3%	-7,504	-85.6%
Earnings for the period including non-controlling interests	594	1.2%	6,027	11.2%	-5,433	-90.1%
Group earnings for the period (which may be consolidated)	431	0.9%	4,370	8.1%	-3,939	-90.1%
Net debt	-54,523		-46,995		-7,528	-16.0%
Net debt (pursuant to IFRS 16)	-53,328		-46,995		-6,532	-13.9%
Personnel (number)	260		265		-5	-1.9%

With reference to the income data of the **marine sector** (Intermarine S.p.A.), during the first nine months of 2019, net sales revenues (consisting of sales and changes in work in progress) amounted to €49.2 million, compared to €53.9 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 €40.4 million (€44.1 million at 30 September 2018), mainly for progress relative to job orders with the Italian financial police, refurbishment of the Gaeta class minesweeper and of multi-functional, ultra high-speed vessels for the Italian Navy, and for the second and third integrated minesweeper platform with the Italian sector operator;
- the Fast Ferries and Yacht Divisions, with a total €8.8 million (€9.8 million in the first nine months of 2018), mainly for activities at the Messina shipyard and revenues of the Marine Systems division, in particular construction on 2 ultra high-speed units for the Italian Navy and repair works on civil vessels for the Ministry of Transport, Lake Navigation, as well as the start up of production on the first CP 3000 units for Harbour Offices.

In relation to the above, operating income (EBIT) for the first nine months of 2019 amounted to €2.6 million compared to EBIT of €10 million in the same period of 2018 (at 30 September 2018, the benefits of terminating the contract with the Asian shipyard had been included). As regards profit before tax, a positive value of €1.3 million was recorded (compared to a positive value of €8.8 million in the same period of 2018) while the net profit for consolidation purposes for the Immsi Group at 30 September 2019 amounted to €0.4 million (€4.4 million in the first nine months of 2018).

The orders portfolio at 30 September 2019 was equal to approximately 128 million and referred to the following:

- Italian Navy, Gaeta Refitting Programme for €21 million,
- Italian Navy, supply of 2 ultra high-speed multi-functional naval units for €8 million;
- Guardia di Finanza, Logistics Package for €4 million,
- Integrated minesweeper platforms for an Italian operator for €82 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 units for €13.5 million, besides the option that may be exercised by the Ministry for an additional unit at the price already established of €6.5 million.

In the first nine months of 2019, the company also pursued all the possibilities to contain structural costs and commercial activities in all business operations of the company in search of favourable business opportunities.

Net financial debt at 30 September 2019 was equal to €54.5 million, up on the balance at 31 December 2018 equal to €47.5 million, and on the balance of €47 million at 30 September 2018.

Events occurring after 30 September 2019 and operating outlook

As regards the operating outlook of the Immsi Group, and with reference to the subsidiary **Is Molas S.p.A.**, the company is continuing with commercial activities in order to identify possible buyers, also at international level.

As regards the **industrial sector**, in a context of the Piaggio group's consolidation 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 marine sector, production for contracts already awarded, will continue in the last three months of 2019, with the aim of consolidating assets acquired in the last few years. Moreover, Intermarine S.p.A. is presenting minesweeper projects in the defence sector (also with the primary goal of reusing the semi-worked items of the former contract with the Asian country), and patrol vessels of various foreign navies, and is also monitoring request from the Italian navy to upgrade the fleet. The aims are to obtain further contracts that would make it possible to increase the portfolio of acquired orders and consequently guarantee the company conditions enabling it to optimise production capacity over the next few years.