Piaggio Group
First Half 2012 Financial Results

Conference Call
July 27th, 2012

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Preface – 2011 P&L restatement following amendment of IAS 19 left Piaggio Group results substantially unchanged

- In June 2012 the IASB endorsed its standard on accounting for employee benefits (*“TFR”*). As a result, actuarial gains and losses are recognised in the balance sheet immediately in the period in which they occur, with a charge or credit to other comprehensive income (OCI)
- Accordingly 2011 account has been restated as follow:

P&L

€m	H1 2011	H1 2011 Restated	Impact	FY 2011	FY 2011 Restated	Impact
Net Sales	**830.0**	**830.0**	**-**	**1,516.5**	**1,516.5**	**-**
EBITDA	**120.3**	**121.0**	**+0.7**	**200.6**	**199.8**	**-0.8**
Depreciation	(45.4)	(45.4)	-	(95.0)	(95.0)	-
EBIT	**75.0**	**75.6**	**+0.7**	**105.5**	**104.8**	**-0.8**
Financial Expenses	(13.1)	(13.1)	-	(26.2)	(26.2)	-
Income before tax	**61.8**	**62.5**	**+0.7**	**79.3**	**78.6**	**-0.8**
Tax	(28.5)	(28.8)	-0.3	(32.3)	(32.3)	-
Net Income	**33.3**	**33.7**	**+0.4**	**47.0**	**46.3**	**-0.8**

Highlights (1/3)
H1 results

H1 difficult economic environment leads to a patchy but total slower demand of key reference markets

- North America growing, while Europe further contracting affected by Mediterranean countries with Italy dropping at all time low
- Asia Pacific with mixed trends: Vietnam and Indonesia substantially stable, rest of Asia expanding at double digits
- Indian 2 Wheels growing double digits, driven by scooters surging at ~30%
- Indian 3 Wheel market shifted to positive in Q2 with 4 Wheels keeping its steady growth path

In this difficult scenario Piaggio leverages on its increasing exposure to Emerging Markets and on its premium positioning…

Western Countries: effective management of a persistent tough market environment
- Fifth consecutive quarter of market share gain in European scooters while maintaining pricing discipline
- Double-digit revenues increase of Moto Guzzi, confirming the successful re-launch of the brand
- Gross Margin ratio increase sustained by enduring shift towards high-end and high displacement segments

Asia Pacific: solid momentum continues
- Volume and revenues double digit growth
- Average prices holding up well and Gross Margin ratio increase, despite expansion of product range and geographical presence

India: subdued performance in line with our expectations in Commercial Vehicles; great start in 2 Wheels
- Decline in Commercial Vehicles sales driven by the drop of some Piaggio's key regional markets and of export sales hampered by import duty hikes in Sri Lanka and political unrest in Egypt
- Rigorous pricing discipline maintained also in an increasingly competitive market
- Successful launch of Vespa with results exceeding expectations

Highlights (2/3)
H1 results

… as well as on 2011 restructuring to strengthen profitability and increase Net Income

Despite decrease in Net Sales…

- Net Sales down by 7.9%
- Slight decline in total 2 Wheels
  - Strong performance of Asia Pacific growing by 36.6% and North America by 42.8%
  - Weak performance of European countries hit by the economic downturn
- Decline in Commercial Vehicles mainly driven by 3 Wheel market contraction in India

… significant cost efficiencies allow strong improvement in EBITDA and EBIT margin …

- EBITDA and EBIT margin significantly improving sustained by Gross Margin increase (30.9%, +0.4 pp vs. prior year) and Cash OpEx and D&A reduction
- Higher financial expenses due to increased cost of funding and higher net financial position after strong investment plan
- Tax rate down benefitting from increased Vietnam contribution to EBT

…leading to increase in Net Income

Strong CapEx increase (+62% vs. prior year) to sustain growth opportunities in emerging markets and strengthen our industrial footprint and **slight Working Capital cash absorption** lead to **Net Debt increase but with a strong debt profile** with ample liquidity backup and average life of debt at 3.2 years

Highlights (3/3)
Recent and short term developments

H2 financials will benefit from several actions to sustain growth and profitability

India

- Strong acceleration of Vespa sales – more than 3,000 units sold in July, so far – progressively increasing month after month
- Launch of Apé City petrol to enter the small Pax segment, which represents half of the Indian 3 wheel passenger market
- Introduction of the new in-house 1,000cc diesel engine in fall to effectively play in the 4 wheel sub 1 Ton cargo segment
- Commercial Vehicles and Vespa dealer network extension proceeding apace

Asia Pacific

- Introduction of the new low consumption 3 valve engine made in Vietnam in fall to further enhance Piaggio's high-end product offering

Western Countries

- Recent launch of Fly 50cc and new 3 valve engine coupled with the introduction of Aprilia SRV 850 and Piaggio X10 will further strengthen Group's positioning in the scooter market
- Launch of the brand new Moto Guzzi California 1,400cc in fall, following the successful introduction of the new V7 model, will add another milestone in the strategic evolution of the Brand
- Booking the bulk of the sales to "Poste Italiane" in H2 (only ~2,6k Liberty invoiced in Q2)

Despite sales reduction productivity leads to improvement of key financial indicators and Net Result. Higher CapEx to foster international expansion drive the NFP increase

P&L

€m	H1 2011	H1 2012	Change 2012 vs. 2011		
			Absolute	%	% excl. FX
Net Sales	**830.0**	**764.1**	**(65.9)**	**-7.9%**	**-7.7%**
Gross Margin	**253.2**	**236.3**	**(17.0)**	**-6.7%**	**-6.0%**
% on Net Sales	*30.5%*	*30.9%*	*+0.4%*		
EBITDA	**121.0**	**114.4**	**(6.6)**	**-5.5%**	**-3.3%**
% on Net Sales	*14.6%*	*15.0%*	*+0.4%*		
Depreciation	(45.4)	(42.7)	2.6	-5.8%	
EBIT	**75.6**	**71.7**	**(4.0)**	**-5.3%**	**-2.1%**
% on Net Sales	*9.1%*	*9.4%*	*+0.3%*		
Financial Expenses	(13.1)	(15.3)	(2.2)	+16.9%	
Income before tax	**62.5**	**56.3**	**(6.2)**	**-9.9%**	
Tax	(28.8)	(22.5)	6.3	-21.8%	
Net Income	**33.7**	**33.8**	**0.1**	**+0.3%**	
% on Net Sales	*4.1%*	*4.4%*	*+0.4%*		

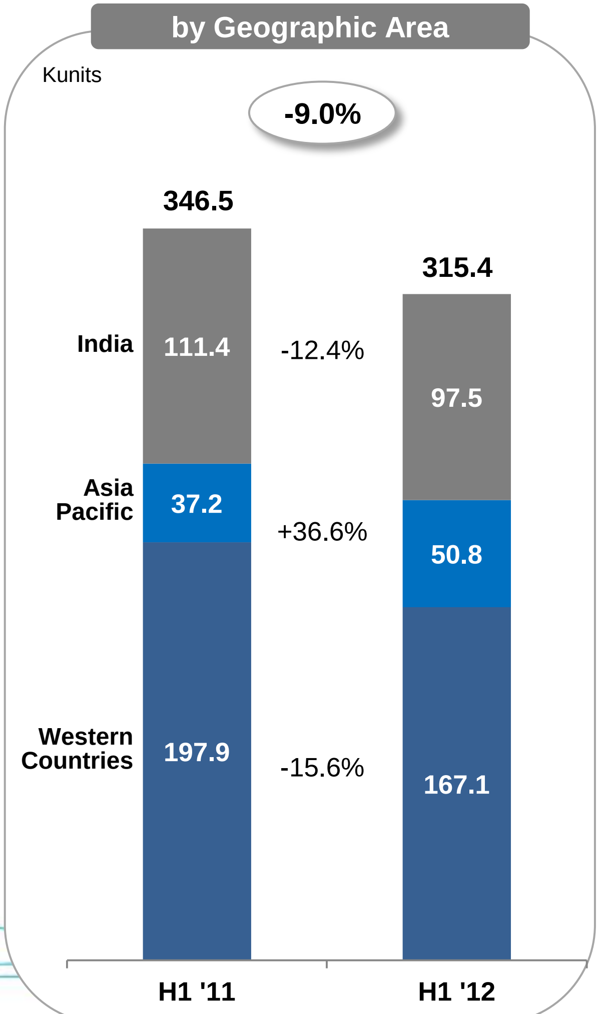
NFP

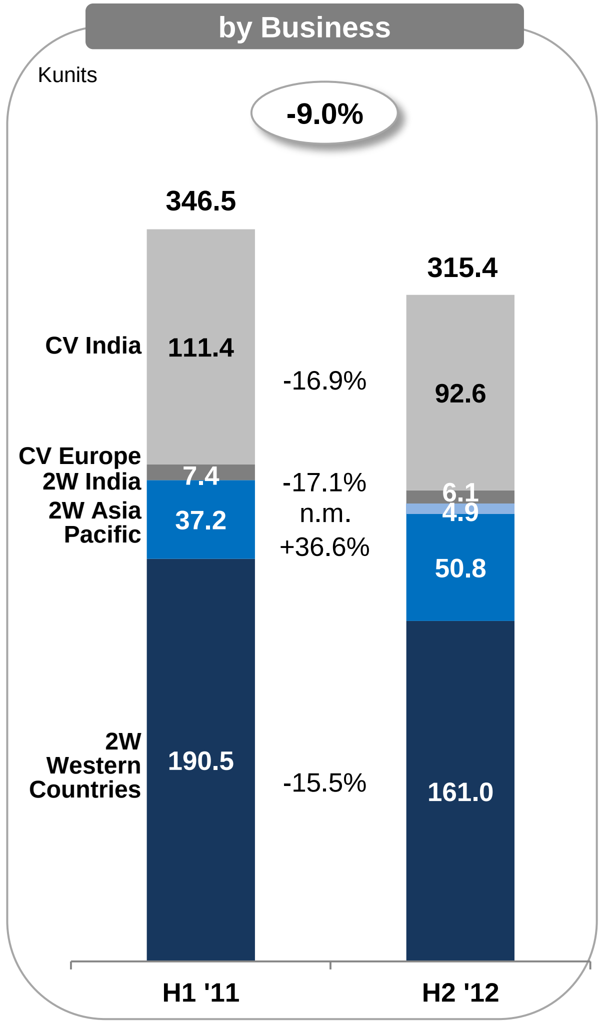
€m	H1 2011	H1 2012	Change 2012 vs. 2011	
			Absolute	%
Net Financial Position	**(332.1)**	**(384.0)**	**(51.9)**	**+15.6%**

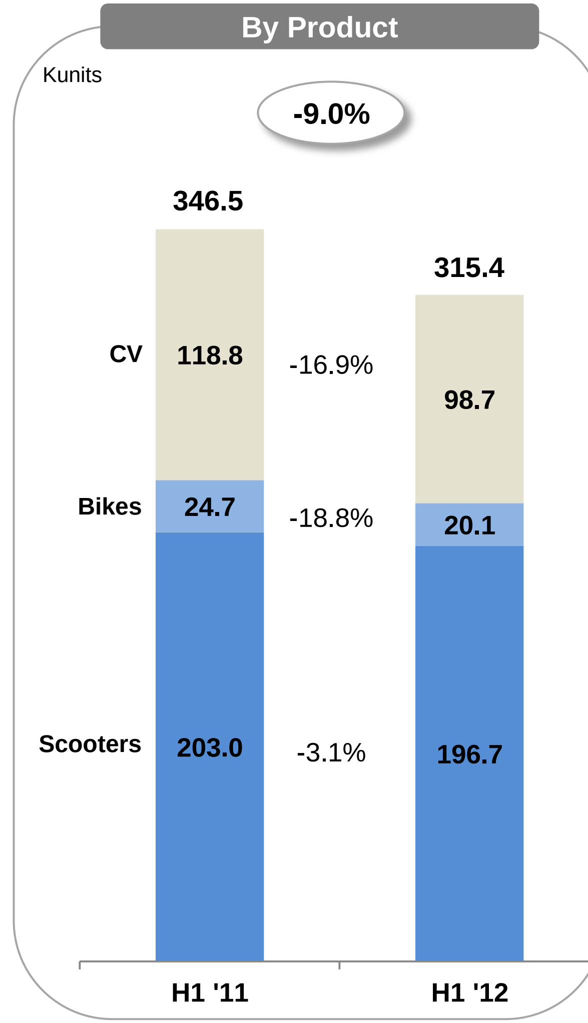
At 2011 exchange rates, improvement at EBITDA and EBIT level

Volume decline driven by CV India and Western Countries while Asia Pacific keeps on performing well; first positive results of Vespa India

Volume evolution (Kunits)



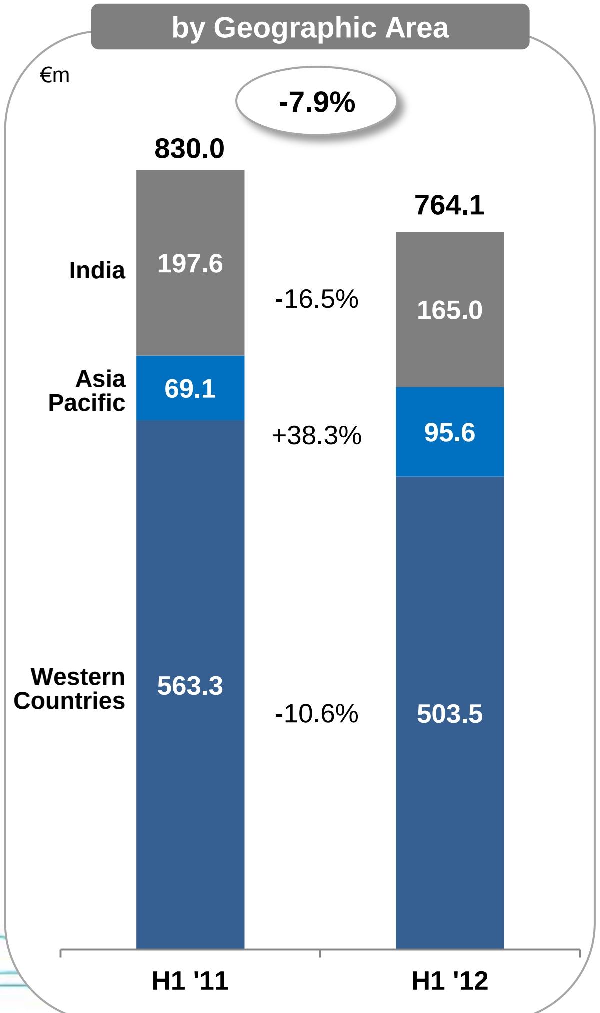


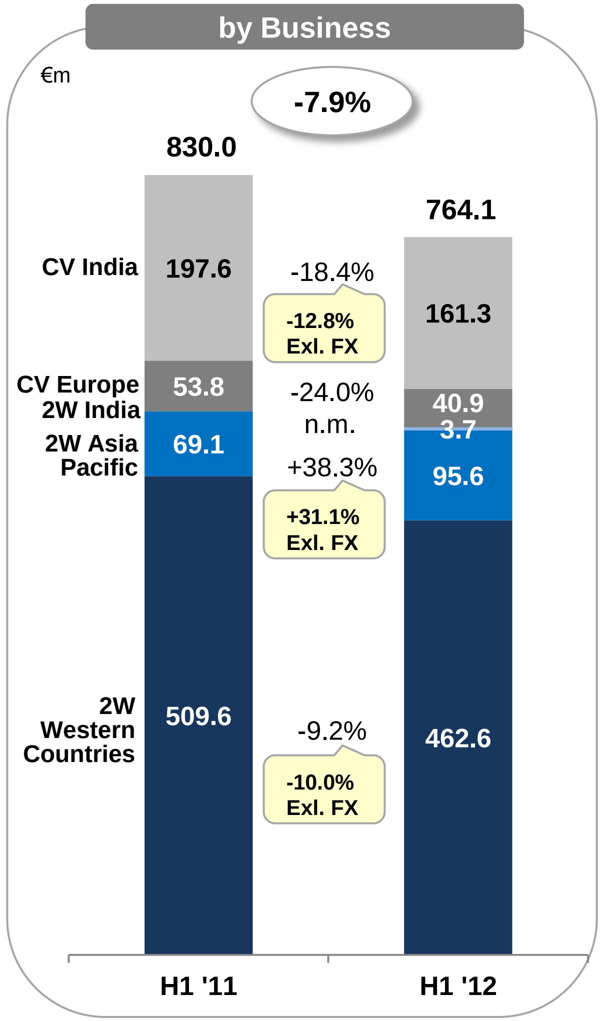


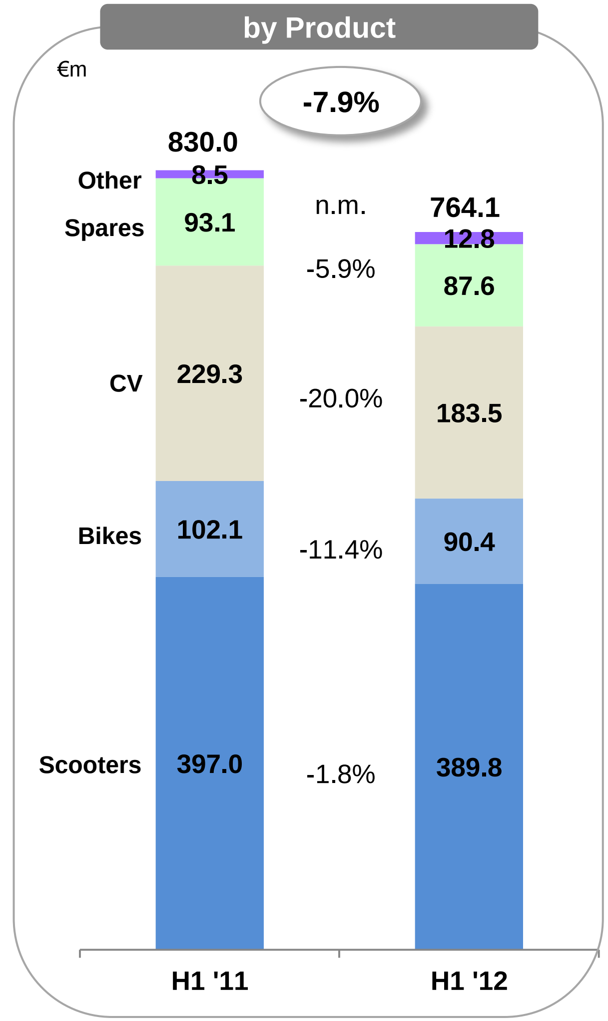
2W: 2 Wheels CV : Commercial Vehicles

Net Sales decline mitigated by resilient mix in 2W Western Countries (-9.2% revenues vs. -15.5% volumes); Scooters supported by mix shift to high displacement segments and Bikes by double digit growth of Moto Guzzi

Net Sales evolution (€m)



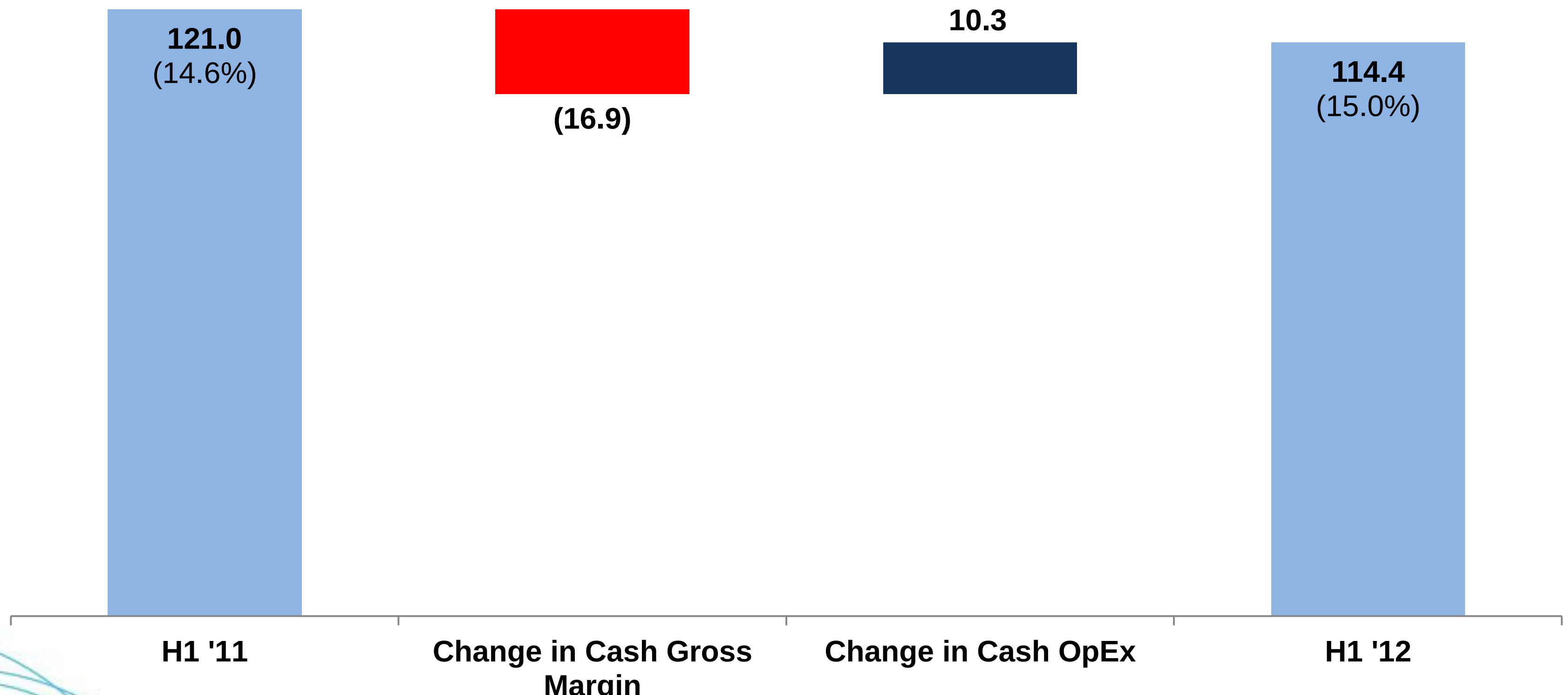




2W: 2 Wheels CV : Commercial Vehicles

Strong grip on fixed costs drives the growth of EBITDA margin even after ~2.6 €m of negative FX effect

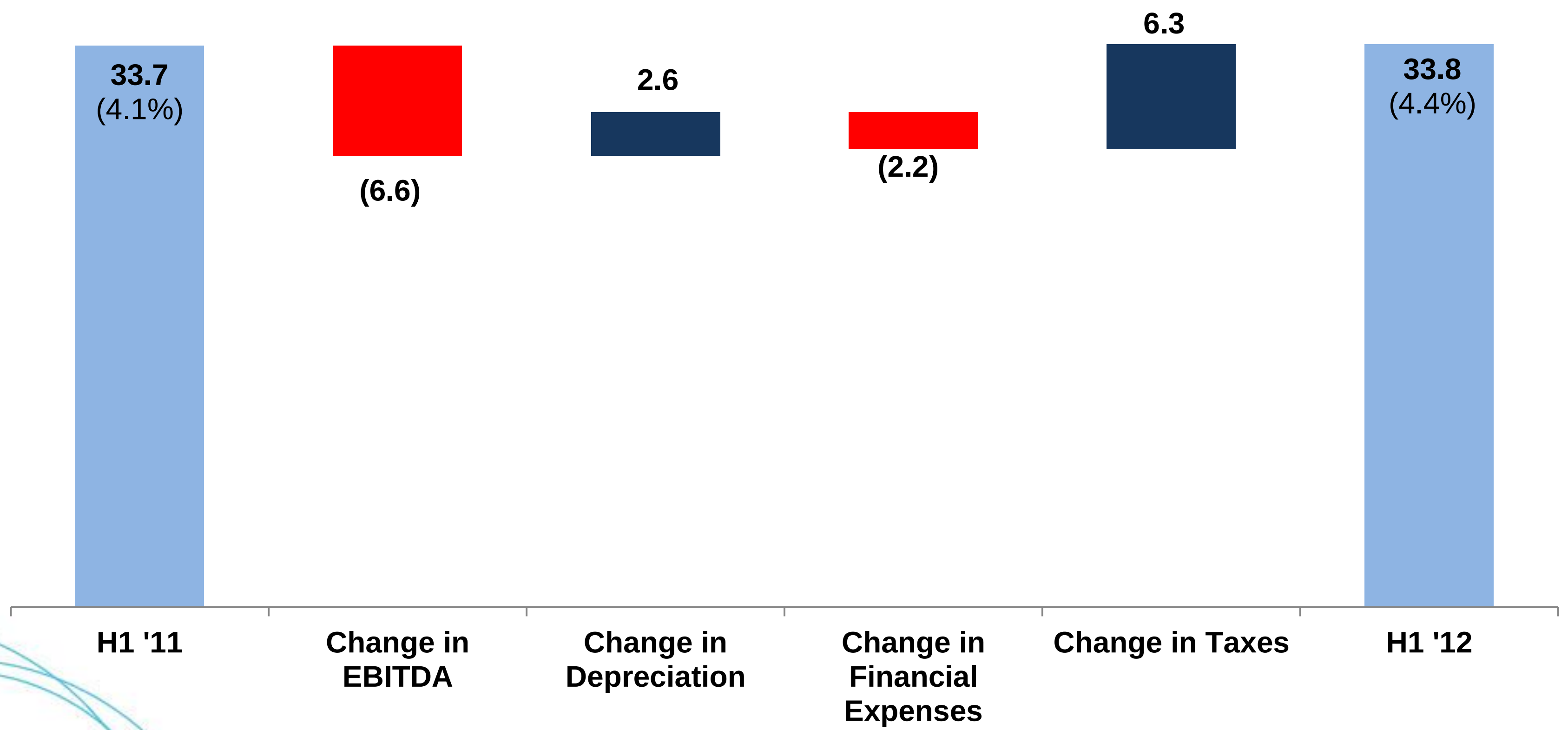
EBITDA evolution (€m)



Streamlined structures and heightened productivity are leading to lower break even point

Tax rate reduction and lower depreciation more than offset higher financial expenses and lower EBITDA leading to Net Profit increase

Net Income evolution (€m)

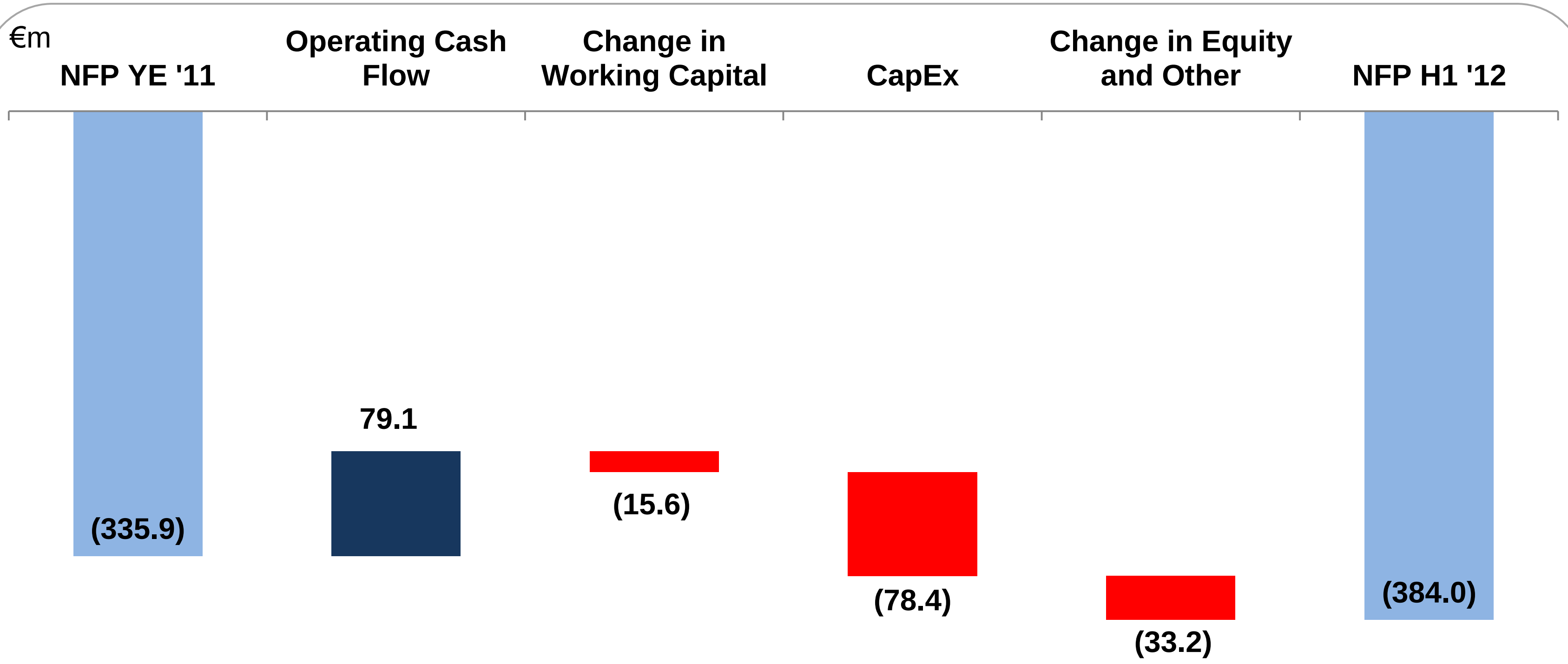


Despite healthy Operating Cash Flow generation NFP increases, mainly driven by higher CapEx to foster international expansion (1/2)

Balance Sheet evolution (€m)

	2010	H1 2011	*Chg. '11 vs '10*	2011	H1 2012	*Chg. '12 vs '11*
Trade Receivable	78.0	177.2	*99.2*	61.7	139.0	*77.3*
Inventories	240.1	257.6	*17.5*	237.0	287.8	*50.8*
Commercial Payable	(340.3)	(436.9)	*(96.7)*	(371.7)	(477.9)	*(106.2)*
Other assets/liabilities	31.1	(10.8)	*(41.9)*	33.0	26.8	*(6.2)*
Working Capital	**8.8**	**(13.0)**	***(21.8)***	**(39.9)**	**(24.3)**	***15.6***
Tangible Fixed Assets	256.8	251.8	*(5.0)*	274.9	302.0	*27.2*
Intangible Fixed Assets	652.6	650.0	*(2.7)*	649.4	652.3	*2.9*
Financial Investments	0.5	0.5	*0.0*	2.6	5.8	*3.2*
Provisions	(125.9)	(115.2)	*10.7*	(104.9)	(107.5)	*(2.6)*
Net Invested Capital	**792.8**	**774.1**	***(18.7)***	**782.1**	**828.4**	***46.2***
Net Financial Position	**349.9**	**332.1**	***(17.8)***	**335.9**	**384.0**	***48.1***
Equity	**442.9**	**442.0**	***(0.9)***	**446.2**	**444.4**	***(1.9)***
Total Sources	**792.8**	**774.1**	***(18.7)***	**782.1**	**828.4**	***46.2***
NFP/Equity	**0.79**	**0.75**		**0.75**	**0.86**	

Despite healthy Operating Cash Flow generation NFP increases, mainly driven by higher CapEx to foster international expansion (2/2)



H1 '11

€m

NFP YE '10					NFP H1 '11
(349.9)	68.3	21.8	(48.5)	(23.9)	(332.1)

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