CONFERENCE CALL FIRST QUARTER 2011 RESULTS

Good afternoon and welcome to everybody.

Let's move to our presentation starting from the highlights on page 3 and 4.

Net consolidated sales increased by 3.3% to 352 ML Euro, sustained by the ongoing growth of our Asian operations and the solid performance of our 2 wheels business in Western Countries where we had a slight decrease. However this is a remarkable result considering the persistent weak European market scenario.

Gross Margin was stable at 103 ML Euro, keeping the ratio to net sales above 29%.

We achieved a significant improvement at EBITDA level, with an increase of 6% to 34 ML Euro that was 1.9 ML Euro higher than last year, with a margin growth of 0.3 percentage points, from 9.3% up to 9.6%. It worth mentioning that in terms of EBITDA margin this represents the best first quarter of the last three years.
These results are reflected at EBIT level too, which increased by 7% to 12 ML Euro, notwithstanding higher depreciations.

Moving further down the income statement Income Before Taxes was 5.6 ML Euro (0.2 ML more than previous year).

As a result Net Income ended slightly higher than last year at 3 ML Euro versus 2.9 ML Euro, with a stable tax rate at 47%.

Net Financial Position, following the typical seasonal cash absorption of the first part of the year, rose to 407 ML Euro from 350 ML Euro of December 2010, with a cash absorption of 56 ML euro that was 14 ML euro better than First Quarter of last year (20% lower). The Debt Level was 16 ML euro Euro lower than the First Quarter 2010.

Net Sales Trend

Moving to slide number 5 we can have an in depth look at Net Sales trend.

Piaggio Group total Net Sales accounted for 352 ML Euro, with an increase of 11 ML Euro over 2010.

Total 2 wheels sales, including spare parts and accessories, accounted for 215 ML Euro, down 2.3% from 220 ML Euro in the past year. At business level, scooters sales decreased by 11 ML Euro (-7% over prior year), whilst bikes performed well with an increase of 5 ML Euro (+13% more than last year).

On the other side, **total Commercial Vehicles sales,** including spare parts and accessories, increased by 13% to 137 ML Euro from 120 ML Euro in 2010.

2 wheels Western Countries sales, which include European and American sales, accounted for 183 ML Euro, with a decrease of 1.8% resulting from diverging dynamics:

- firstly, we had an increase by 5% to 119 ML Euro of European countries excluding Italy
- secondly, we had an increase of 2 ML Euro of American sales, which reached 7 ML Euro in the quarter
- finally, we had a decrease of 17% to 57 ML Euro of Italian sales, driven by a market decrease of 20%. I remind you that the results of Italy were penalized

also by an unfavourable Year on Year comparison base, as 1Q10 still benefited from state incentives.

2 wheels Asian sales decreased by 5% to 32 ML Euro, about 2 ML Euro lower than previous year. The decline was largely the consequence of a different product sale mix. In fact sales of Liberty locally manufactured substituted those of imported vehicles, which had higher prices due to custom duties impact. However the launch of the Liberty contributed to the increase of our market share in the scooter segment.
On the other side, sales of Asia included also a -2.7 ML Euro of exchange impact; without such impact the change year over year would have been +3.3%.

Commercial Vehicles altogether increased from 120 ML Euro up to 137 ML Euro, thanks to the contribution of our Indian sales that grew by 27% following the continuing market growth and benefitting also from price increase and exchange rate effect.

Overall, looking at the geographical mix of total sales, and considering both 2 wheels and Commercial Vehicles business segments, Asian revenues contribution to total sales increased from 35% in Q1 2010 up to 40% in Q1 2011.

Total Volumes Trend

The next slide shows the overall number of units sold, which increased by almost 4% from 144K to 149K units.

Total 2 wheels accounted for 84K units with a decline of 4.5% over prior year:

- In Western Countries our sales declined by 8.5% in line with the overall weak market trend of Europe.
- Asian volumes grew by 15%, from 15K to 17K units, thanks to the positive market trend and the successful introduction of the Liberty in Vietnam on one

side and the healthy sales growth outside Vietnam (namely in Indonesia, Thailand and Taiwan) on the other side.

Moving to the breakdown by business, 2 wheels volumes (-4.5%) were negatively affected by 6% decline of scooters sales to 73K units, that means 4.4K units less than the previous year. This is primarily the result of the strong contraction of the Italian market , that registered a -26% in the quarter.

Conversely good results came from motorcycles, with more than 10K units sold, that means a 5% increase compared to the prior year, driven by the sales of Shiver, Dorsoduro and RSV4 of Aprilia brand and Norge model for Guzzi.

Moving to Commercial Vehicles, the 3 and 4 wheels units sold had an overall increase of 16%, up to more than 65K units, thanks to the Indian performance that registered an increase of 18%.

EBITDA Evolution

Moving to slide 7, we can have an in depth look at the EBITDA, which improved both in absolute terms and in ratio to net sales.

The EBITDA went up to 33.7 ML Euro form 31.8 in 2010 pushing the margin to 9.6% with an increase of 0.3 p.p. versus first quarter 2010.

This result was achieved maintaining a stable Gross Margin as a combined result coming from higher sales volumes, different geographical mix, some price increase and a minor exchange impact. Furthermore the ongoing cost efficiencies led to 2 ML euro savings in Cash Operating Expenses.

In terms of ratio on net sales the 0.9 p.p. decrease versus last year was related to the already mentioned different geographical mix and in particular to the increase of LCV Indian sales, characterized by lower Gross Margin but lower operating expenses.

Net Income

The next slide shows Net Income evolution, with a slight increase from 2.9 to 3 ML Euro.

This is the result of :

- an increase of the EBIT to 12.1 ML Euro from 11.3 ML Euro, with a margin growing to 3.5% from 3.3%, notwithstanding higher depreciation
- an increase of 0.6 ML Euro of Financial Expenses, mainly related to interest rate increase
- the stability of Taxes at 2.6 ML Euro, for which we forecasted a 47% tax rate.

Balance sheet

Moving to slide 9, we can have a look at the balance sheet.

Influenced by the seasonal first quarter increase, Net Financial Position reached 406 ML Euro from 350 ML at the end of last year, a growth 20% lower than the first quarter of past year.

We have been able to limit Net Financial Position seasonal growth thanks to strict control on Working Capital, notwithstanding higher Capital Expenditures.

To better appreciate the cash flow evolution, we can directly move to slide 10. The most significant levers of the cash absorption of 56 ML Euro were:

- Operating cash flow, which generated 21 ML Euro, in line with 2009
- Working Capital, which increased by 58 ML Euro, with a significant reduction of 18 ML Euro versus 2010 increase (-20%) mainly thanks to tight control on inventories and receivables
- CapEx which accounted for 22 ML Euro, 7 ML Euro higher than 2010 due to higher spending on new products (Vespa India +2.3 ML Euro, New scooter Italy +1.8 ML Euro), in line with our yearly plan.

I thank you for your kind attention.

We have finished our presentation, and we are ready for your questions.

April 29th, 2011