PIAGGIO & C. s.p.a.

PRESS INFORMATION

PRESS RELEASE

PIAGGIO GROUP: FIRST HALF 2010

Net sales € 820.8 million (+3.2% on 1H 2009)

EBIT € 74.6 million (+21.1% on 1H 2009)

Profit before tax € 62.8 million (+39.1% on 1H 2009)

Net profit € 33.1 million (+28.6% on 1H 2009)

EBITDA € 117.5 million (+9.3% on 1H 2009)

EBITDA margin up to 14.3% (13.5% in 1H 2009)

Net debt € 341.7 million
(down from € 352 million at 31.12.2009
and € 348.9 million at 30.06.2009)

Increase in shipments in 2-wheel business (+2.6%)
and commercial vehicles business (+23.9%)

Milan, 29 July 2010 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the half-year report at 30 June 2010.

The Piaggio Group's half-year results show a significant improvement in all economic and financial indicators and confirm the importance of the strategic moves made by the Group to strengthen its industrial operations in the world's fastest-growing regions.

In the first six months of 2010 the Piaggio Group sold a total of **340,800 vehicles** worldwide, for an 8.5% improvement in volumes compared with 314,200 vehicles shipped in the first half of 2009.

The increase arose in both the **2-wheel business**, with 232,800 vehicles sold worldwide (+2.6% on the year-earlier period), and the **commercial vehicles business,** where vehicles sold totalled 108,000 (+23.9% on the first half of 2009).

In the **2-wheel business, Piaggio Group sales on the European market** showed a small decrease of 3.1% with shipments of 200,200 vehicles in the first half, thanks to the increase in **market shares** in a number of product segments in Italy and in Europe. This compared with a decline of 11% on the European scooter and motorcycle market compared with the first six months of 2009.

In the **Asia Pacific** region, thanks to the fact that the Vietnamese plant was fully operational, the Piaggio Group was able to take full advantage of the **sharp rise in**

demand (+20% in South East Asia in the first half of 2010). Compared with the year-earlier first half, Group growth in the Asia Pacific region in the first six months of 2010 was 301.9% in terms of volumes, with 29,500 vehicles shipped, and 263.6% in terms of revenues, which totalled € 66.9 million.

In the **commercial vehicles business,** the Piaggio Group closed the first half of 2010 with a total of **108,000 shipments** (+23.9% on the year-earlier period) and **revenues** amounting to € 238.8 million (+19.5%), a result that reflected the strong growth of the **Indian market,** which, for Group sales, easily counterbalanced the significant slowdown recorded in demand for light commercial vehicles in Italy and Europe.

Group **consolidated net sales** amounted to € 820.8 million in the first half of 2010, up by 3.2% from € 795.6 million in the first half of 2009.

The first-half **industrial gross margin** was € 265 million, up 6.3% from € 249.4 million in the first half of 2009. The **return on net sales** also continued to grow, rising to 32.3% (31.3% in the year-earlier period), thanks to constant control of production costs.

The Group reported a sharp improvement in **consolidated EBITDA** to € 117.5 million in the first six months of 2010, an **increase of 9.3%** on € 107.5 million in the year-earlier period. The **EBITDA margin** also made healthy progress, rising to 14.3% in the first half of 2010 from 13.5% in the first half of 2009.

EBIT was € 74.6 million, an increase of 21.1% from € 61.6 million in the first half of 2009.

In the first half of 2010 the Piaggio Group posted **profit before tax** of € 62.8 million, an improvement of 39.1% from € 45.1 million in the year-earlier period.

The first half of 2010 closed with a **net profit** of € 33.1 million, an increase of 28.6% on the first half of 2009 (€ 25.7 million), after tax of € 29.7 million (€ 19.4 million a year earlier).

Net debt was € 341.7 million at 30 June 2010, down from € 352 million at 31 December 2009 and € 348.9 million at 30 June 2009. The improvement was due to the positive trend in operating cash flow, which enabled the Group to finance its investment programme, dividend payout for € 25.8 million and share buybacks for € 2.9 million.

Shareholders' equity at 30 June 2010 totalled € 439.0 million, against € 423.8 million at 31 December 2009.

Significant events after 30 June 2010

On 23 July 2010 a loan was arranged with IFC (World Bank Group) to expand Piaggio Group production operations in Asia, in two-wheel vehicles, commercial vehicles and fuel-efficient low-emission engines. The credit facility granted by IFC for up to € 45 million will be intended specifically for the Piaggio Vietnam Company Limited (up to € 15 million) and Piaggio Vehicles Private Limited in India (up to € 30 million, underwritten initially for an amount of approximately € 15 million).

Outlook

During the second half of 2010, the Piaggio Group will continue its industrial and commercial growth strategy on key Asian markets – supported by the new Group worldwide organization structure – in order to strengthen its leadership on the Indian three and four-wheel light commercial vehicle market and win additional market share in the scooter sector in Vietnam.
At corporate level, Piaggio R&D will focus on the renewal of the Group product ranges – scooters, motorcycles and commercial vehicles – with particular attention to development of energy-efficient engines with little or zero environmental impact.

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The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2, art. 154 bis of Legislative Decree no. 58/1998 (Consolidated Law on Financial Intermediation), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

For more information:
www.piaggiogroup.com

CONSOLIDATED INCOME STATEMENT

In thousands of euro	Note	1H 2010	1H 2009	Change
Net sales	4	**820,819**	**795,626**	**25,193**
of which vs related parties		*215*		*215*
Cost of materials	5	474,888	461,402	13,486
of which vs related parties		*21,490*	*23,157*	*(1,667)*
Cost of services and use of third-party assets	6	137,645	147,773	(10,128)
of which vs related parties		*3,256*	*1,292*	*1,964*
Employee expenses	7	132,451	129,663	2,788
Depreciation property, plant and equipment	8	18,721	18,995	(274)
Amortisation intangible assets	8	24,230	26,917	(2,687)
Other operating income	9	59,113	64,088	(4,975)
of which vs related parties		*953*	*900*	*53*
Other operating expense	10	17,420	13,388	4,032
of which vs related parties		*26*	*0*	*26*
EBIT		**74,577**	**61,576**	**13,001**
Share of result of associates	11		171	(171)
Finance income	12	1,220	1,828	(608)
Finance expense	12	14,582	18,105	(3,523)
of which vs related parties		*43*	*0*	*43*
Net exchange-rate gains/(losses)	12	1,556	(332)	1,888
Profit before tax		**62,771**	**45,138**	**17,633**
Income tax	13	**29,691**	**19,409**	**10,282**
Result from on-going operations		**33,080**	**25,729**	**7,351**
Discontinued operations:				
Profit or loss from discontinued operations	14			**0**
Consolidated net profit		**33,080**	**25,729**	**7,351**
Attributable to:				
Equity holders of the parent		**33,033**	**25,655**	**7,378**
Minority interests		**47**	**74**	**(27)**
Earnings per share (in €) *	15	**0.085**	**0.066**	**0.019**
Diluted earnings per share (in €) *	15	**0.085**	**0.066**	**0.019**

* In connection with the cancellation of 24,247,007 shares on 10 May 2010, the average number of outstanding shares in the first half of 2009 has been re-computed as envisaged by IAS 33

CONSOLIDATED BALANCE SHEET

In thousands of euro	Note	At 30 June 2010	At 31 December 2009	Change
ASSETS				
Non-current assets				
Intangible assets	16	648,016	641,254	6,762
Property, plant and equipment	17	249,650	250,415	(765)
Investment property	18			0
Equity investments	19	239	239	0
Other financial assets	20	344	343	1
of which vs related parties		*11*	*9*	*2*
Non-current tax receivables	21	5,779	4,990	789
Deferred tax assets	22	46,417	46,462	(45)
Trade receivables	23			
Other receivables	24	13,935	12,914	1,021
of which vs related parties		*459*	*459*	*0*
Total non-current assets		**964,380**	**956,617**	**7,763**
Assets held for sale	28			
Current assets				
Trade receivables	23	212,856	103,164	109,692
of which vs related parties		*1,015*	*477*	*538*
Other receivables	24	25,104	24,198	906
of which vs related parties		*4,055*	*4,066*	*(11)*
Current tax receivables	21	30,448	23,979	6,469
Inventories	25	277,660	252,496	25,164
Other financial assets	26	27,224	4,127	23,097
of which vs related parties				*0*
Cash and cash equivalents	27	177,165	200,239	(23,074)
Total current assets		**750,457**	**608,203**	**142,254**
TOTAL ASSETS		**1,714,837**	**1,564,820**	**150,017**

In thousands of euro	Note	At 30 June 2010	At 31 December 2009	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	29	437,351	421,661	15,690
Share capital and reserves attributable to minority interests	29	1,663	2,141	(478)
Total shareholders' equity		**439,014**	**423,802**	**15,212**
Non-current liabilities				
Borrowings due after one year	30	417,394	443,164	(25,770)
of which vs related parties		*2,900*	*16,000*	*(13,100)*
Pension funds and employee benefits	34	61,894	61,859	35
Other non-current provisions	32	23,522	22,965	557
Non-current tax payables	35			0
Other long-term payables	36	5,989	6,485	(496)
Deferred tax liabilities	33	29,208	29,694	(486)
Total non-current liabilities		**538,007**	**564,167**	**(26,160)**
Current liabilities				
Borrowings due within one year	30	128,651	113,178	15,473
Trade payables	31	463,881	345,987	117,894
of which vs related parties		*14,252*	*13,242*	*1,010*
Tax liabilities	35	39,850	18,952	20,898
Other current liabilities	36	81,757	79,567	2,190
of which vs related parties		*646*	*607*	*39*
Current portion of other non-current provisions	32	23,677	19,167	4,510
Total current liabilities		**737,816**	**576,851**	**160,965**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,714,837**	**1,564,820**	**150,017**

Glossary

Industrial gross margin: “Net sales” minus “Cost of sales” for the period. “Cost of sales” comprises: Cost of materials (direct and consumables), Additional purchase costs (transport incoming materials, customs, handling, warehousing), Payroll costs for direct and indirect manpower and related expenses, Third-party machinings, Energy, Depreciation of property, plant and equipment and industrial equipment, External maintenance and cleaning costs net of recovery of costs recharged to suppliers.

EBITDA: “Operating profit” gross of amortisation of intangible assets and depreciation of property, plant and equipment as reflected on the face of the income statement.

Operating expense: payroll costs, cost of services and use of third-party assets, and operating costs net of operating income not included in the industrial gross margin. Operating expense also includes amortisation and depreciation not included in the industrial gross margin.

Working capital: net sum of Current and non-current trade and other receivables, Inventories, Trade and other non-current payables and Current trade payables, Other receivables (Current and non-current tax receivables, Deferred tax assets) and Other Liabilities (Tax liabilities and Other current liabilities).

Property, plant and equipment, net: Property, plant and equipment and industrial equipment, net of accumulated depreciation, plus assets held for sale.

Intangible assets, net: capitalised development costs, costs for patents and knowhow, goodwill arising from Group internal mergers/acquisitions.

Non-current financial assets: Equity investments, Other non-current financial assets and any portion of Guarantee deposits reflected in Other current financial assets.

Provisions: Pension funds and employee benefits, Other non-current provisions, Current portion of other non-current provisions, Deferred tax liabilities.

Net financial position: Medium/long-term financing, Current financing less Current financial assets and less cash and cash equivalents.