PIAGGIO&C.s.p.a.

<u>**PRESS RELEASE**</u>

PIAGGIO GROUP: FIRST QUARTER 2012

Consolidated net sales € 343.1 million (351.7 million in Q1 2011)

EBITDA € 33.0 million (33.7 million in Q1 2011)

EBIT € 13.0 million (12.2 million in Q1 2011)

Profit before tax € 5.8 million (5.6 million in Q1 2011)

Net profit € 3.2 million (3.0 million in Q1 2011)

Net debt € 422.4 million

Mantua, 8 May 2012 – At a meeting today in Mantua chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the quarterly report at 31 March 2012.

In the first quarter of 2012 the Piaggio Group had to face both weak demand in the European two-wheeler market and a contraction in the light commercial vehicle sector throughout the Group's main markets.

Despite the above difficulties, the Piaggio Group's financial results are in line with the first quarter of 2011. This performance stemmed not only from the Group's strong position in EMEA countries – through the constant consolidation of its **leadership in Europe** and its increased market share in the main scooter and motorcycle segments – but also (and above all) as a result of the **globalization strategy** regarding investments, production and sales the Group has been pursuing with determination.

Group **consolidated net sales** in the first quarter of 2012 amounted to 343.1 million euro, compared to 351.7 million euro in the first quarter of 2011.

In the first three months of 2012 the Piaggio Group shipped a total of **142,300 vehicles** worldwide, compared to the 149,000 vehicles shipped in the first quarter of 2011.

In the **two-wheeler sector**, with 88,600 vehicles shipped and 233.5 million euro of net sales, in the first three months of 2012 Piaggio Group reported improvements of 5.9% and 8.5% respectively, compared to the first quarter of 2011. The decrease in sales in the EMEA area – where as a whole the market recorded decreases of 8.3% in the scooter segment and 7.7% in the motorcycle segment, compared to the first three months of 2011 – was offset by strong Group growth in Asia, where Group shipments and net sales increased by 58.0% and 54.8%, respectively, and in America, where shipments and net sales increased by 69.8% and 156.5%, respectively.

In **commercial vehicles**, Group sales were affected by the simultaneous downturn in all the main markets (with overall decreases of -38.7% in Italy, -18.7% in Europe and -8.8% in India). In this segment, Piaggio Group shipped 53,700 vehicles in the first quarter of 2012 (-17.8%, compared to the first three months of 2011) with net sales for the period of 109.6 million euro (-19.7%). **Piaggio Vehicles Private Ltd.** (PVPL) confirmed its position of main player on the Indian domestic three-wheeler market, with an overall share of 33.6%. PVPL's **export** performance was notable, increasing by 33% from about 1,500 units in the first three months of 2011 to around 2,000 units in the first three months of 2012.

The **industrial gross margin** for the period was 101.0 million euro, down 1.6 million, compared to the first quarter of 2011, while the **net sales margin rose to 29.4%** (29.2% in the first three months of 2011).

Operating expense in 2012 amounted to 87.9 million euro, some 2.5 million euro less than the corresponding period of the previous year, confirming the Group's constant focus on reducing costs and maintaining high earnings and productivity levels.

Consolidated EBITDA in the first quarter of 2012 amounted to 33.0 million euro, slightly down (about 0.7 million euro) on the figure of the first quarter of 2011. The EBITDA margin was 9.6%, in line with the figure recorded in the first three months of the previous year. Net of the **exchange rate effect**, in the first quarter of 2012 Ebitda **grew by 3.3%** compared to the first quarter of 2011.

Piaggio Group **EBIT** in the first three months of 2012 was an improvement on the first quarter of 2011, with consolidated EBIT amounting to 13.0 million euro, **up by 0.8 million euro** on the corresponding period in 2011. The EBIT margin was 3.8%, an increase on the 3.5% of the first quarter of 2011.

In the first quarter of 2012 Piaggio Group recorded a **profit before tax** of 5.8 million euro, slightly **up on the 5.6 million euro** of the same period in 2011. Taxes for the period are 2.6 million euro, or 45% of the profit before tax.

The first quarter of 2012 ended with a **net profit** of 3.2 million euro, up on the 3 million euro of the first quarter of 2011.

Net debt at 31 March 2012 amounted to 422.4 million euro. Compared to the first quarter of 2011, net debt increased by some 16 million euro, primarily as a result of the **increase in capital expenditure (+38%)** by the Group to develop its industrial and commercial operations on an international scale. When compared to 31 December 2011, the increase of some 86.5 million euro is in line with previous years and is due to the **seasonal nature typical of the two-wheeler business**, which absorbs financial resources in the first part of the year and generates them in the second.

Shareholders' equity at 31 March 2012 amounted to 448.6 million euro, against 446.2 million euro at 31 December 2011.

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Events after 31 March 2012

11 April 2012 – After winning the tender pursuant to article 105-107 L.F., the purchase agreement relating to the "Tecnocontrol" company in Pontedera was signed for an overall value of 11,323,000 euro.

13 April 2012 – The Piaggio & C. S.p.A. annual general meeting appointed the new Board of Directors, to remain in office for three years, until the approval of the financial statements at 31/12/2014.
The Board of Directors has 11 members, chosen from the list submitted by the majority shareholder Immsi S.p.A.: Roberto Colannino, Matteo Colaninno, Michele Colaninno, Andrea Paroli, Livio Corghi, Franco Debenedetti (independent director), Daniele Discepolo (independent director), Mauro Gambaro (independent director), Luca Paravicini Crespi (independent director), Riccaro Varaldo (independent director), Vito Varvaro (independent director).
The shareholders also appointed the Board of Statutory Auditors, who are Giovanni Barbara (Chairman), Alessandro Lai and Francesco Arietti as statutory auditors; Mauro Girelli and Elena Fornara as alternate auditors. At the same date, the shareholders appointed PricewaterhouseCoopers S.p.A. as external auditors for the financial periods 2012-2020.

28 April 2012 – Two days after its presentation to the Indian and international press in Bombay, Piaggio Group's new Vespa production facility for the Indian market was officially inaugurated in Baramati (Maharashtra State). The initial production capacity of 150,000 vehicles/year will be increased to 300,000 vehicles/year in 2013.

Outlook

The Piaggio Group 2011-2014 Business Plan envisages strong growth in productivity to generate value for customers, employees and shareholders by leveraging the Group's growing international presence, and boost product cost competitiveness on key processes like procurements, manufacturing and design.

In terms of the business and geographical areas, the Plan sets out a growth strategy consistent with the world economic scenario, targeting decisive expansion on the emerging high-growth markets, accompanied by the maintenance and consolidation of the Group's leadership positions on the mature markets.

Specifically the Plan envisages:

- in the Asia SEA area, the expansion of the engine and two-wheeler ranges, as well as completion of entry on to the Indonesian market and new Asian markets, assisted by an increase in production capacity at Piaggio Vietnam (300,000 vehicles/year compared with today's 140,000 vehicles/year);
- entry on to the Indian scooter market, where annual growth rates are high, with the Vespa premium brand and the presentation (on 26 April 2012) of the model for the Indian domestic market, production of which began in the first quarter of 2012 at the new Baramati facility, which was officially inaugurated on 28 April 2012;
- on the mature Western markets, further consolidation of the Group's European leadership on the two-wheeler market as a whole and in the scooter sector, and growth in sales and margins for motorcycles thanks to the Aprilia and Moto Guzzi ranges;
- in commercial vehicles, higher sales and market share in India (in part through the introduction of new 3- and 4-wheel vehicles in the fastest growing market segments) and in the emerging countries, maintenance of current market positions in Europe, and further growth in exports to African, Asian and South American markets.

As far as technology is concerned, the Piaggio Group is focusing strongly on the development – for two-wheelers and for commercial vehicles – of new highly innovative combustion engines, with sharply reduced fuel consumption and emissions. Supported by cooperation among the Group R&D centres in Europe and Asia and the world's leading universities, Piaggio will also continue development work on vehicles equipped with new-generation electric motors, as well as hybrid engines, a field where the Group is already one of the world's most advanced manufacturers.

Consistently with the Group's increasingly global industrial and commercial organisation, strong emphasis will also be given to development of an international system of expertise and research in product marketing and style, with Group centres in Europe, Asia and the USA bringing together the top designers and marketing specialists from all Piaggio Group locations around the world.

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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.

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PIAGGIO & C. s.p.a.

Consolidated Income Statement

		1° Quarter 2012		1° Quarter 2011	
In thousands of euro	Note	Total	of which related parties (Chapter E)	Total	of which related parties (Chapter E)
Net sales	4	**343,122**	**248**	**351,679**	**191**
Cost of materials	5	201,475	6,737	211,901	7,674
Cost of services and use of third-party assets	6	65,789	1,103	64,873	999
Employee expenses	7	61,854		64,205	
Depreciation property, plant and equipment	8	8,654		9,093	
Amortisation intangible assets	8	11,329		12,478	
Other operating income	9	23,656	43	26,279	182
Other operating expense	10	4,638		3,255	
EBIT		**13,039**		**12,153**	
Share of result of associates	11	1,056			
Finance income	12	776		1,126	
Finance expense	12	9,464	58	7,209	79
Net exchange-rate gains/(losses)	12	422		(465)	
Profit before tax		**5,829**		**5,605**	
Income tax	13	2,623		2,635	
Result from on-going operations		**3,206**		**2,970**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Net profit (loss) for the period		**3,206**		**2,970**	
Attributable to:					
Equity holders of the parent		**3,210**		**2,995**	
Minority interests		**(4)**		**(25)**	
Earnings per share (in €) *	15	**0.009**		**0.008**	
Diluted earnings per share (in €) *	15	**0.009**		**0.008**	

Consolidated Balance Sheet

		At 31 March 2012		At 31 December 2011	
In thousands of euro	Note	Total	of which related parties (Chapter E)	Total	of which related parties (Chapter E)
ASSETS					
Non-current assets					
Intangible assets	16	652,779		649,420	
Property, plant and equipment	17	280,997		274,871	
Investment property	18				
Equity investments	19	3,532		2,482	
Other financial assets	20	9,156		11,836	
Non-current tax receivables	21	1,118		976	
Deferred tax assets	22	57,557		55,726	
Trade receivables	23				
Other receivables	24	17,270	405	15,165	405
Total non-current assets		**1,022,409**		**1,010,476**	
Assets held for sale	28				
Current assets					
Trade receivables	23	124,990	1,826	65,560	2,453
Other receivables	24	27,958	6,496	28,028	6,456
Current tax receivables	21	31,041		27,245	
Inventories	25	267,986		236,988	
Other financial assets	26	7,216		0	
Cash and cash equivalents	27	107,499		151,887	
Total current assets		**566,690**		**509,708**	
TOTAL ASSETS		**1,589,099**		**1,520,184**	

In thousands of euro	Note	At 31 March 2012 Total	At 31 March 2012 of which related parties (Chapter E)	At 31 December 2011 Total	At 31 December 2011 of which related parties (Chapter E)
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	29	447,376		445,036	
Share capital and reserves attributable to minority interests	29	1,181		1,182	
Total shareholders' equity		**448,557**		**446,218**	
Non-current liabilities					
Borrowings due after one year	30	412,184	2,900	329,200	2,900
Trade payables	31	234		235	
Other non-current provisions	32	12,536		12,429	
Deferred tax liabilities	33	32,359		32,735	
Pension funds and employee benefits	34	46,813		46,603	
Non-current tax payables	35	1,931		2,539	
Other non-current payables	36	5,429		5,948	
Total non-current liabilities		**511,486**		**429,689**	
Current liabilities					
Borrowings due within one year	30	133,407		170,261	
Trade payables	31	393,054	15,066	375,263	18,903
Tax liabilities	35	18,968		20,920	
Other current liabilities	36	70,602	93	64,718	75
Current portion of other non-current provisions	32	13,025		13,115	
Total current liabilities		**629,056**		**644,277**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,589,099**		**1,520,184**	