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PRESS RELEASE

Board of Directors meeting

PIAGGIO GROUP: 1st QUARTER 2006¹

- **NET SALES: €374.2 MLN (+ 19.8% FROM €312.3 MLN IN 1Q '05)**
 - **EBITDA: €43 MLN (+ 75.3% FROM 1Q '05)**
 - **PROFIT FOR THE PERIOD: €10.2 MLN
(LOSS OF €10.9 MLN IN 1Q '05)**

- **NET DEBT DOWN TO €397.7 MLN**

Milan, 3 May 2006 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the Group results for the first quarter of 2006.

Compared with the year-earlier first quarter, and even excluding the order placed by the Italian Post Office, the figures reflect significant growth in net sales, arising largely from the motorcycle business and in India and North America. All profit indicators improved, driven by the gradual strengthening at Aprilia/Guzzi. A further

¹ The figures for the first quarter of 2005 have been restated for compliance with the IAS-IFRS standards.



decrease was reported in net debt, which benefited from cash flows despite the seasonal slowdown in business in the first quarter.

Piaggio Group **consolidated net sales** for the first quarter of 2006 totalled **€ 374.2 million, up by 19.8%** (+ 8.7% net of the first-quarter portion of the Italian Post Office order for € 34.6 million) from the year-earlier first quarter (€ 312.3 million).

The **industrial gross margin** was **€ 112.9 million**, an increase of 22.8% from the first quarter of 2005 (€ 91.9 million), standing at 30.2% of turnover (29.4% in 1Q 2005).

Consolidated **EBITDA** was **€ 43 million**, up by 75.3% from € 24.5 million in the year-earlier first quarter. The **return on net sales** improved by almost 4 percentage points to **11.5%** (7.8% in 1Q 2005).

Operating income for the first quarter of 2006 amounted to **€ 23 million**, over € 1.1 million a year earlier, with profitability rising to 6.1%.

After a net financial charge of € 7.8 million and tax of € 4.9 million, Piaggio closed the first quarter with a **consolidated net profit of € 10.2 million**. This compared with a loss of € 10.9 million in the first quarter of 2005.

Consolidated **net debt** decreased from € 411.4 million at 31/12/2005 to **€ 397.7 million** at 31/03/2006. The reduction of € 13.7 million arose from cash flow on operations despite higher absorption of resources due to the seasonal nature of the two-wheeler business.

Shareholders' equity at 31 March 2006 was **€ 359.3 million** compared with € 348.5 million at 31 December 2005.

At an extraordinary meeting, the Board of Directors implemented powers granted by the extraordinary Shareholders' meetings of 7 June 2004 and 8 March 2006 to service the stock option plan of October 2003, and approved an increase in share capital from € 194,827,431.24 to € 205,941,272.16, an overall nominal amount of € 11,113,840.92, through issuance of 21,372,771 new ordinary shares with a par value of € 0.52 each, to be offered to the holders of the stock options.

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PIAGGIO & C.s.p.a.

For further information:

IMMSI Press Office

Via Vivaio, 6 - 20122 Milan

Massimiliano Levi

Tel. +39 02 76212621

Fax +39 02 76212629

massimiliano.levi@immsi.it

Piaggio Press Office

Via Vivaio, 6 - 20122 Milan

Roberto M. Zerbi

Tel. +39 02 76212643-44-45-46

Fax +39 02 76212629

press@piaggio.com

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