

CONFERENCE CALL NINE MONTHS 2010 RESULTS

Good afternoon and welcome to everybody.

We can start from the first 2 slides of our presentation to show Piaggio Group Nine Months 2010 results.

The net sales accounted for 1.176 ML Euro, with an increase of 3.2 ML Euro compared to previous year. This result came thanks to the growth of our Asiatic operations (India and Vietnam) that offset European and American sales decrease, affected by the current market scenario.

The Gross Margin was 380 ML Euro, 6 ML higher than last year, with an increase in terms of ratio to net sales, which grew to 32,3% in 2010 compared to 31,9% in 2009.

The Ebitda was 172 ML Euro, in line with previous year both, in terms of value and ratio to net sales.

The Financial Expenses went down to 19,5 ML Euro from 23,6 ML in the same period of 2009.

Consequently, the Income Before Tax was 88,7 ML, 9 ML higher than previous year (that is +12%) and the Net Income increased to 46,7 ML Euro, compared to a result of 40 ML in 2009, also taking into account a 47,3% forecasted tax rate, lower compared to the 49,5% of the previous year.

Accordingly to these results, the Net Debt level at the end of September 2010 was 343 ML Euro, decreasing from the 352 ML of December 2009 and in line with June 2010.

Net Sales Trend

Moving on to slide number 5 we can take a deeper look at the Net Sales trend.

Piaggio Group total Net Sales accounted for 1176 ML Euro with an increase of 3 MLN Euro over 2009.

Total 2 wheels sales accounted for 812 ML euro, including spare parts and accessories (50 ML Euro less than 2009, that means -6%) while **total Commercial Vehicles sales** increased to 364 ML Euro from 311 ML Euro of 2009 (53 ML Euro more than 2009, that means +17%).

2 wheels European sales accounted for 700 ML Euro, with a 9% decrease, compared to a total European market decrease of 11% in the same period.

2 wheels Asian sales were up to 93 ML Euro, nearly 50 ML higher than 2009, mainly thanks to our Vietnamese Operations.

2 wheels American sales accounted for 19 ML Euro, more than 30 ML lower than 2009.

Commercial Vehicles altogether increased from 311 ML to almost 364 ML, thanks to the contribution of our Indian sales that grew by 36% compared to previous year, in line with the strong growth of the Indian market, including also the positive contribution of the revaluation of the Indian rupee that accounted for 26 ML Euro on net sales. Not considering the exchange rate benefit, the growth was 23%, anyway.

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 21,5% up to 31,9%.

(next slide) In terms of businesses, the 2 wheels trend of -6% over last year came due to a 33 ML decrease from scooters (driven by European sales) and to a 17 ML decrease of the motorcycle segment (which registered a -13% over the same period of 2009).

Spare parts and accessories went up by 1%, to a total amount of 143 ML Euro.

Total Volumes Trend

The next slides shows the overall number of units sold, that increased from 475k to 493K units, that means an 4% increase over 2009.

Going into details, scooters volumes accounted for 292K, -2,3% compared to previous year.

Motorcycles accounted for 32 K units sold, that means a 4% decrease compared to previous year.

Coming to Commercial Vehicles, the 3 and 4 wheelers units sold had an overall 19% increase, up to about 170 K units, thanks to the Indian performances that registered an increase by 22%.

EBITDA Evolution

Going to slide 7, we can have a deeper look at the Ebitda evolution.

The EBITDA accounted for 172,3 ML Euro, with an EBITDA margin of 14,7%, stable compared to previous year. This result was obtained thanks to a further increased product profitability, from 31,9% of 2009 to 32,3% of 2010, mainly thanks to further sourcing efficiencies and to a positive impact from the overall exchange rates.

On the other side, cash operational expenses increased by 5 ML Euro, but they were stable in terms of ratio to net sales at 23%, a good result considering the start-up and the growth of our Asiatic operations.

Net Income

The next slide shows the Net Income evolution, which accounted for a total amount of 46,7 ML Euro compared to the 40,1 ML registered in 2009 (+16,5%).

The Ebit increased to 108,1 ML Euro, together with a growing EBIT margin from 8,8% to 9,2%.

The Financial Expenses showed a 4,1 ML Euro reduction compared to last year, thanks to the decrease of the cost of debt also (thanks to the new bond issued in December 2009) and to the lower average debt amount in the period.

At a tax level, we forecasted a 47,3% consolidated tax rate, compared to the 49,5% used in the Nine Months of 2009, and we had a 2,5ML increase over last year, due to the higher Income Before Tax.

Balance sheet

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

The Net debt accounted for 343 ML Euro, with a cash generation of 9 ML Euro compared with December 2009 and in line with June 2010.

To better appreciate the cash flow of the Nine Months period, we can directly move to slide 10. The 9 ML cash generation came from:

- The operating cash flow, which generated 108 ML Euro coming from the P/L analyzed before (in line with the result obtained in the same period of 2009);
- The working capital increase by 13,3 ML Euro (in line with 2009, when the working capital increase amounted to 14 ML Euro);
- The 56 ML Euro in capital expenditure, in line with our yearly capex plan;
- The 24,8 ML Euro cash absorption for dividend payment
- The 3,3 ML Euro shares buy-back

I thank you for your kind attention.

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

October 29th, 2010