PRESS RELEASE

PIAGGIO GROUP: BOARD APPROVES 2010 DRAFT FINANCIAL STATEMENTS

Consolidated Net sales € 1,485.4 million (€ 1,486.9 million in 2009)

Industrial gross margin € 462.3 million (€ 467.1 million in 2009)

EBITDA € 197.1 million (€ 200.8 million in 2009)

EBIT up to € 111.1 million (€ 104.4 million in 2009)

Profit before tax up to € 83.8 million (€ 74.1 million in 2009)

**Net profit € 42.8 million (€ 47.4 million in 2009)
after tax totalling € 41 million (€ 26.7 million in 2009)**

**Net debt down to € 349.9 million
(from € 352 million at 31 December 2009)**

628,400 vehicles shipped (607,700 in 2009)

**Strong growth on Asian markets,
in two-wheelers and commercial vehicles**

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Parent company Piaggio & C. S.p.A.: net profit € 18.8 million

Proposed dividend € 0.07 per share (€ 0.07 in 2009)

Milan, 7 March 2011– At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the 2010 draft financial statements.

In 2010, the Piaggio Group reported results substantially in line with 2009, despite the significant fall in European demand in the two-wheeler sector. Its performance reflected Piaggio's strong expansion on Asian markets – in both the two-wheeler and the commercial vehicle businesses – as a result of the strategy for globalisation of investments, production and marketing operations undertaken with determination by the Group.

Group **consolidated net sales** in 2010 amounted to € 1,485.4 million – in line with the 2009 figure of € 1,486.9 million – of which € 988.1 million in the two-wheeler sector and € 497.3 million in commercial vehicles.

In 2010 the Piaggio Group shipped a total of **628,400 vehicles** worldwide (compared with 607,700 in 2009), including 395,000 vehicles in the two-wheeler business (scooters and motorcycles) and 233,400 three- and four-wheel commercial vehicles.

In the **two-wheeler** sector, the Group's performance in the EMEA area – with 329,100 vehicles shipped in 2010 – was conducted in difficult market conditions, with a 12.3% fall in overall market demand in the area. In this scenario, the Group kept its European market share at 20%.
In Asia, the Piaggio Group reported a particularly strong performance in the two-wheeler business, with 59,500 vehicles shipped, an improvement of 60.5% on 2009, reflecting the success of its Vietnamese subsidiary, whose plant began production in June 2009.

In **commercial vehicles**, Piaggio Vehicles Private Ltd. continued to enhance its leadership position on the Indian three-wheeler market – which grew by approximately 22% in 2010 – winning a 39% market share and shipping 210,000 three-wheelers, an improvement of 22.4% on 2009, and 10,000 four-wheel vehicles (in line with the volumes reported in 2009).
On the European commercial vehicle market, in 2010 the Piaggio Group shipped 13,300 vehicles. It focused specifically on its offer of eco-sustainable four-wheel vehicles with low or zero emissions (Piaggio Porter range), and also reported an increase in shipments and turnover for the three-wheel Ape vehicle range.

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The 2010 **industrial gross margin** was € 462.3 million, compared with € 467.1 million in 2009. The return on net sales was 31.1%, substantially in line with 2009 (31.4%).

Consolidated EBITDA for 2010 was € 197.1 million, against € 200.8 million in 2009. The EBITDA margin was 13.3% (compared with 13.5% in the previous year).

In terms of **EBIT**, performance in 2010 was better than in 2009, with consolidated EBIT of € 111.1 million, an improvement of € 6.7 million on 2009. The EBIT margin for 2010 increased to 7.5% (7.0% in 2009).

Profit before tax in 2010 rose to € 83.8 million (+9.7 million from € 74.1 million in 2009) and generated a significant **increase in tax for the year** to € 41 million, compared with € 26.7 million in 2009. **Consolidated net profit** was € 42.8 million, against € 47.4 million in 2009.

The Group posted a significant improvement in financial operations compared with 2009, with **net financial charges** of € 27.3 million (€ 30.3 million in 2009).

In 2010, the Piaggio Group made **investments** for € 96.2 million, up from € 93.8 million in 2009.

Consolidated net debt decreased from € 352 million as of 31 December 2009 to € 349.9 million as of 31 December 2010. The **improvement in the net financial position** was largely due to the positive trend in operating cash flow as well as positive management of net working capital, enabling the Group to self-fund investments and also distribute dividends for an amount of € 25.8 million and buy back shares for approximately € 3.3 million.

Shareholders' equity as of 31 December 2010 was € 442.9 million, an increase of approximately € 19.1 million from 31 December 2009.

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Events after 31 December 2010

On 13 January 2011 Davide Scotti was appointed VP for Product Development & Strategies, replacing Maurizio Roman who left the company.

On 27 January 2011 the Group presented the new line of Piaggio Porter commercial vehicles, featuring the new Euro 5 petrol and diesel engines. Particularly important is the new 1200 cc turbodiesel model, the lead product of a new family of diesel engines designed and developed by the Group and manufactured at its factory in Baramati, India.

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Outlook

In 2011, consistently with the Group Business Plan presented in September 2010, Piaggio Group strategy will continue to focus on industrial and commercial growth in Asia and consolidation on Western markets. Regarding sales, the Group aims to expand and strengthen its position in all sectors and markets: in India, it intends to consolidate its leadership position on the three-wheel light commercial vehicle market and develop sales in four-wheelers; in the Asia Pacific area, it will boost its share of the scooter market in Vietnam, and simultaneously grow operations in the rest of area, with a specific focus on Indonesia, Thailand and Malaysia; in Europe and America its goal is to bolster its leadership in scooters, enhance its competitive positioning in motorcycles and increase sales of light commercial vehicles.
In production, the Piaggio Group plans to start up operations at the new engine factory in India, upgrade production capacity at the Vietnamese facility and build another new factory in India to produce two-wheelers for the local market. It will give priority to improving industrial productivity, with a special focus on European operations, by optimising production systems. Significant resources will be devoted to R&D, for the on-going renewal of the Group product range for Western markets and for the developing countries, with special attention to development of engines with low fuel consumption and no or low environmental impact.

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Piaggio & C. S.p.A.

The parent company reported 2010 net sales of € 976.8 million, EBITDA of € 74.9 million, negative EBIT of € 1.7 million and a net profit for the year of € 18.8 million.

Proposed dividend of 0.07 euro

The Board of Directors will ask the shareholders' meeting to approve distribution of a **dividend of 0.07 euro per ordinary share** (compared with a dividend of 0.07 euro for 2009), not including the quota for remaining own shares pursuant to art. 2357-ter Italian Civil Code, for a total value of € 25,684,000.00.
The ex dividend date will be 16/05/2011, with payment on 19/05/2011.

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Authorisation for purchase and disposal of own shares

At today’s meeting the Board of Directors decided to ask the shareholders' meeting to authorise the purchase and disposal of own shares, given that the authorisation to conduct own-share transactions approved by the Piaggio shareholders' meeting of 16 April 2009 expired on 16 October 2010. The proposal is designed to give the company a useful strategic investment opportunity for the purposes allowed by law, including the purposes envisaged in the market practices allowed by Consob pursuant to art. 180, par 1, head c) of the consolidated finance act with resolution no. 16839 of 19 March 2009 and in EC Regulation no. 22/2003 of 22 December 2003, and also to proceed with share buy-backs with a view to subsequent cancellation.

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Restructuring of Group operations in Spain

At the meeting the Piaggio Board of Directors approved plans to restructure current production operations in Spain at the Martorelles factory (Barcelona) of the subsidiary Nacional Motor S.A.U.. The project provides for production operations to be transferred to the Piaggio Group's Italian factories. In addition to rationalising the Group production network in Europe, guaranteeing greater efficiency and productivity, the move will strengthen the competitiveness of Derbi vehicles to support the growth of the Spanish brand's market share.

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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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Consolidated Income Statement

In thousands of euro	Note	2010 Total	2010 of which related parties (Chapter F)	2009 Total	2009 of which related parties (Chapter F)
Net sales	4	**1,485,351**	**711**	**1,486,882**	**7**
Cost of materials	5	881,075	40,584	871,653	38,800
Cost of services and use of third-party assets	6	258,358	6,057	272,065	3,679
Employee expenses	7	240,115		242,916	
Depreciation property, plant and equipment	8	35,879		37,148	
Amortisation intangible assets	8	50,127		59,230	
Other operating income	9	121,128	3,279	135,938	1,538
Other operating expense	10	29,821	43	35,387	2
EBIT		**111,104**		**104,421**	
Share of result of associates	11	5,252		450	
Finance income	12	2,891	3	4,455	
Finance expense	12	33,905	144	33,275	161
Net exchange-rate gains/(losses)	12	(1,518)		(1,958)	
Profit before tax		**83,824**		**74,093**	
Income tax	13	40,983		26,674	
Result from on-going operations		**42,841**		**47,419**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Net profit (loss) for the period		**42,841**		**47,419**	
Attributable to:					
Equity holders of the parent		**42,811**		**46,031**	
Minority interests		**30**		**1.388**	
Earnings per share (in €) *	15	**0.113**		**0.125**	
Diluted earnings per share (in €) *	15	**0.112**		**0.125**	

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

Consolidated Balance Sheet

In thousands of euro	Note	At 31 December 2010 Total	of which related parties (Chapter F)	At 31 December 2009 Total	of which related parties (Chapter F)
ASSETS					
Non-current assets					
Intangible assets	16	652,622		641,254	
Property, plant and equipment	17	256,759		250,415	
Investment property	18				
Equity investments	19	194		239	
Other financial assets	20	334		343	9
Non-current tax receivables	21	967		4,990	
Deferred tax assets	22	46,294		46,462	
Trade receivables	23				
Other receivables	24	12,655	443	12,914	459
Total non-current assets		**969,825**		**956,617**	
Assets held for sale	28				
Current assets					
Trade receivables	23	90,421	2,210	103,164	477
Other receivables	24	23,300	5,983	24,198	4,066
Current tax receivables	21	44,200		23,979	
Inventories	25	240,066		252,496	
Other financial assets	26	23,051		4,127	
Cash and cash equivalents	27	154,859		200,239	
Total current assets		**575,897**		**608,203**	
TOTAL ASSETS		**1,545,722**		**1,564,820**	

In thousands of euro	Note	At 31 December 2010 Total	At 31 December 2010 of which related parties (Chapter F)	At 31 December 2009 Total	At 31 December 2009 of which related parties (Chapter F)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	29	441,277		421,661	
Share capital and reserves attributable to minority interests	29	1,613		2,141	
Total shareholders' equity		**442,890**		**423,802**	
Non-current liabilities					
Borrowings due after one year	30	371,048	2,900	443,164	16,000
Trade payables	31	88			
Other non-current provisions	32	16,993		22,965	
Deferred tax liabilities	33	32,338		29,694	
Pension funds and employee benefits	34	58,636		61,859	
Non-current tax payables	35	3,361			
Other non-current payables	36	4,202		6,485	
Total non-current liabilities		**486,666**		**564,167**	
Current liabilities					
Borrowings due within one year	30	156,800		113,178	
Trade payables	31	352,627	12,857	345,987	13,242
Tax liabilities	35	19,290		18,952	
Other current liabilities	36	69,503	342	79,567	607
Current portion of other non-current provisions	32	17,946		19,167	
Total current liabilities		**616,166**		**576,851**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,545,722**		**1,564,820**	

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Income Statement

In thousands of euro	Note	2010 Total	2010 of which related parties	2009 Total	2009 of which related parties
Net sales	3	976,819	91,210	1,095,536	109,329
Cost of materials	4	565,956	79,744	629,965	52,490
Cost of services and use of third-party assets	5	247,834	55,212	256,432	51,507
Employee expenses	6	191,587	34	192,127	34
Depreciation property, plant and equipment	7	28,437		30,357	
Amortisation intangible assets	7	48,174		55,556	
Other operating income	8	126,154	37,525	135,854	36,202
Other operating expense	9	22,719	414	28,179	2
EBIT		**(1,734)**		**38,774**	
Share of result of associates	10	54,183		32,207	
Finance income	11	2,522	772	7,465	5,004
Finance expense	11	32,902	179	34,021	14,040
Net exchange-rate gains/(losses)	11	(817)		501	
Profit before tax		**21,252**		**44,926**	
Income tax	12	2,404		(1,127)	
Result from on-going operations		**18,848**		**46,053**	
Discontinued operations:					
Profit or loss from discontinued operations	13				
Net profit for the period		**18,848**		**46,053**	

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Balance Sheet

In thousands of euro	Note	At 31 December 2010 Total	At 31 December 2010 of which related parties	At 31 December 2009 Total	At 31 December 2009 of which related parties
ASSETS					
Non-current assets					
Intangible assets	14	544,672		547,185	
Property, plant and equipment	15	179,557		184,376	
Investment property	16				
Equity investments	17	39,536		40,481	
Other financial assets	18	18,222		21,188	1,355
Non-current tax receivables	19	967		892	
Deferred tax assets	20	30,801		29,377	
Other receivables	22	4,405	306	4,332	321
Total non-current assets		**818,160**		**827,831**	
Assets held for sale	26				
Current assets					
Trade receivables	21	91,273	34,813	114,141	37,450
Other receivables	22	43,570	30,323	59,191	41,829
Current tax receivables	19	13,566		4,695	
Inventories	23	178,462		195,817	
Other financial assets	24	52,099	29,048	28,585	28,585
Cash and cash equivalents	25	106,806		175,991	
Total current assets		**485,776**		**578,420**	
TOTAL ASSETS		**1,303,936**		**1,406,251**	

In thousands of euro	Note	At 31 December 2010 Total	At 31 December 2010 of which related parties	At 31 December 2009 Total	At 31 December 2009 of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	29	203,348		191,617	
Share premium reserve	29	3,493		3,493	
Legal reserve	29	11,299		8,996	
Other reserves	29	38,327		38,100	
Retained earnings	29	62,991		60,082	
Net profit (loss) for the period	29	18,848		46,053	
Total shareholders' equity		**338,306**		**348,341**	**0**
Non-current liabilities					
Borrowings due after one year	30	363,869	2,900	443,164	16,000
Other non-current provisions	32	20,990		26,933	
Deferred tax liabilities	33	24,072		25,704	
Pension funds and employee benefits	34	55,929		58,547	
Non-current tax payables	35	3,361			
Other non-current payables	36	4,092		6,276	
Total non-current liabilities		**472,313**		**560,624**	
Current liabilities					
Borrowings due within one year	30	137,204	9,962	109,761	6,785
Trade payables	31	285,944	45,413	299,709	36,987
Current portion of other non-current provisions	32	12,951		14,391	
Tax liabilities	35	11,674		12,005	
Other current liabilities	36	45,544	397	61,420	6,595
Total current liabilities		**493,317**		**497,286**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,303,936**		**1,406,251**	