PIAGGIO&C.s.p.a.

PRESS RELEASE

PIAGGIO GROUP: BOARD APPROVES 2011 DRAFT FINANCIAL STATEMENTS

Consolidated net sales € 1,516.5 million (+2.1% from 2010)

EBITDA € 200.6 million (+1.7% from 2010)

Net profit € 47 million (+9.8% from 2010)

Net debt down to € 335.9 million
(from 349.9 million at 31 December 2010)

Capex € 126.1 million (+31.1% from 2010)

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653,300 vehicles shipped (+4% from 2010)

Strong growth on Asian markets

Leadership strengthened on the European two-wheeler market
and the US scooter market

More than 150,000 Vespa scooters sold in one year

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Parent company Piaggio & C. S.p.A.: net profit € 47.0 million

Proposed dividend € 0.082 per share (€ 0.07 in 2010)

Rome, 23 February 2012 – At a meeting today in Rome chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the 2011 draft financial statements.

The Piaggio Group's results for 2011 confirm the success of the strategic decisions taken by the Group to globalise its industrial and commercial operations by investing in the regions with the highest growth rates. The main indicators for FY 2011 reflect significant improvements from 2010, despite the two-wheeler market crisis in Europe (in Italy in particular), the impact of non-recurring restructuring charges and the exchange-rate effect, which was particularly significant in 2011.

Group **consolidated net sales** in 2011 amounted to 1,516.5 million euro – up 2.1% from 1,485.4 million euro in 2010 – including 1,025.3 million euro in the two-wheeler business and 491.1 million euro in commercial vehicles. Net of the exchange-rate effect described above, consolidated net sales growth was 5.2%.

In 2011 the Piaggio Group shipped a total of **653,300 vehicles** worldwide (up 4.0% from 628,400 in 2010), including 415,000 vehicles in the two-wheeler business (scooters and motorcycles) and 238,300 three- and four-wheel commercial vehicles.

Looking at **performance in the different geographical and business areas**, in 2011 the Piaggio Group confirmed its position as **European leader in the two-wheeler sector**, raising its market share to approximately 20.1%; its market share in **scooters** improved to approximately 27.6%.
Although the two-wheeler market in the EMEA area showed an overall decline of 9.5% (-11% in scooters and -7% in motorcycles), the Group's commercial operations in Europe were particularly incisive, so that, with shipments of approximately 300,000 vehicles, the sales slowdown was smaller than the market downturn – leading to an improvement in market share in almost every country – and the revenue decline was contained at 3.5% (2011 turnover 802.5 million euro); this was also thanks to the positive effect on the mix of higher sales of **top-end motorbikes**, as a result of the success of the latest **Moto Guzzi** and **Aprilia** models.

On the **American scooter market,** which showed signs of an upturn in 2011 (with a 6% increase in overall vehicle registrations from 2010), Piaggio Group penetration made significant progress (market share rising from 27.1% to almost 30%), with shipments of 10,300 vehicles (+63.8% from 2010) and revenues of 35.4 million euro (+53.0%).

Particularly worthy of note is the extraordinary progress in worldwide **sales of Vespa branded vehicles** to more than **150,000 scooters** shipped in 2011. As a comparison, worldwide Vespa scooter sales in 2003 were approximately 50,000.

On the **Asian market,** 2011 was an extraordinarily positive year for the Group, which reported strong growth compared with 2010, with 104,800 vehicles shipped (+75.9% from 2010) and revenues of 187.5 million euro (+40.8% from 2010). Excluding the exchange-rate effect, revenue growth in this area was 55.1%.
The result reflected the growing success of operations in **Vietnam** (where marketing began of the Liberty scooter produced in the Vinh Phuc factory, and the milestone of 100,000 Vespas produced since production began in Vietnam in June 2009 was reached in the second half of 2011) and entry on to **important new markets** in South East Asia: **Indonesia**, **Thailand**, **Taiwan and Malaysia**.

In the **commercial vehicles business**, the Piaggio Group closed 2011 with a total of 238,300 shipments (+2.1% from 2010) and revenues of 491.1 million euro. This result was substantially in line with the 2010 figure (a reduction of approximately 1%), but would have shown growth of 4.3% at constant exchange rates.
On the **Indian three-wheeler market**, Piaggio Vehicles Private Limited confirmed its position as the **subcontinent's main player**, with a market share of 37.1%. Shipments in India (3- and 4-wheel commercial vehicles) rose by 2.4%, from 219,600 vehicles in 2010 to 225,000 in 2011.

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Consolidated EBITDA was 200.6 million euro in 2011, an increase of 1.7% from 197.1 million in 2010. Although an improvement was reported, the result was affected by non-recurring restructuring charges for approximately 17 million euro, and by the exchange-rate effect, net of which EBITDA growth would have been 8.4%.
The **EBITDA margin** was 13.2%, in line with 2010.

Consolidated EBIT for 2011 was 105.5 million euro, compared with 111.1 million euro in 2010. The EBIT margin was 7.0% (7.5% in 2010).

Profit before tax in 2011 was 79.3 million euro (83.8 million in 2010).

Consolidated net profit in 2011 was 47.0 million euro, an improvement of 9.8% from 42.8 million in 2010.

2011 financial operations showed **net financial charges** of 28.7 million euro (32.5 million euro in 2010).

In 2011, the Piaggio Group reported a significant increase in **capital expenditure** – in particular for the expansion of Group industrial operations in the emerging countries – for a **total of 126.1 million euro**, up by 31.1% from 96.2 million euro in 2010. Of the total, 38.3 million euro were in the **R&D** area, which also reported expenditure of 30.2 million euro.
Consequently, R&D expenditure and investments in 2011 increased by 8.9% from 2010. Work concentrated in particular on the development and industrialisation of new engines featuring some of the lowest emission and fuel consumption levels anywhere in the world.

Consolidated net debt at 31 December 2011 was down to 335.9 million euro, a reduction of 14 million from 349.9 million euro at 31 December 2010. The **improvement in the net financial position** was largely due to the positive trend in operating cash flow and positive management of working capital, enabling the Group to self-fund a larger investment program and also distribute dividends for an amount of 25.7 million euro and buy back shares for approximately 9.1 million euro.

Shareholders' equity at 31 December 2011 totalled 446.2 million euro, from 442.9 million euro at 31 December 2010.

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Events after 31 December 2011

On 6 January 2012 the Vespa scooter developed for the Indian market was presented at the Auto Expo show in Delhi, Asia's main motor show. Powered by a new low-emission fuel-efficient Piaggio engine with a capacity of up to 60 km/litre, the scooter will be produced in the Piaggio plant in Baramati (India) and begin shipping in April in India's 35 largest cities. Initial production capacity is 150,000 vehicles/year.

On 23 January 2012 the 130 million euro syndicated revolving line of credit arranged on 29 December 2011 was finalised. Specifically, early repayment was made of the syndicated loan for a residual amount of 65 million euro with final maturity in August 2012, and early cancellation was requested for the 100 million euro credit maturing in December 2012, on which no drawings have been made.

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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, 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; Vespa production will begin during the first quarter of 2012 in the new Baramati facility with an initial production capacity of more than 150,000 vehicles/year;
- 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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Piaggio & C. S.p.A.

The parent company reported 2011 net sales of 948.1 million euro and a net profit of 47.0 million euro.

Proposed dividend of 0.082 euro

The Board of Directors will ask the shareholders' meeting to approve distribution of a **dividend of 0.082 euro per ordinary share** (compared with a dividend of 0.07 euro for 2011), not including the quota for remaining own shares pursuant to art. 2357-ter Italian Civil Code, for a total amount of € 29,892,998.24. The ex dividend date will be 14/05/2012, with payment on 17/05/2012.

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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

		2011		2010	
		Total	of which related parties (Chapter F)	Total	of which related parties (Chapter F)
In thousands of euro	*Note*				
Net sales	4	**1,516,463**	**1,674**	**1,485,351**	**711**
Cost of materials	5	904,060	38,786	881,075	40,584
Cost of services and use of third-party assets	6	266,484	3,817	258,358	6,057
Employee expenses	7	247,600		240,115	
Depreciation property, plant and equipment	8	35,219		35,879	
Amortisation intangible assets	8	59,794		50,127	
Other operating income	9	122,562	502	121,128	3,279
Other operating expense	10	20,323	14	29,821	43
EBIT		**105,545**		**111,104**	
Share of result of associates	11	2,481		5,252	
Finance income	12	4,087		2,891	3
Finance expense	12	31,853	305	33,905	347
Net exchange-rate gains/(losses)	12	(932)		(1,518)	
Profit before tax		**79,328**		**83,824**	
Income tax	13	32,305		**40,983**	**0**
Result from on-going operations		**47,023**		**42,841**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Net profit (loss) for the period		**47,023**		**42,841**	
Attributable to:					
Equity holders of the parent		**47,053**		**42,811**	
Minority interests		**(30)**		**30**	
Earnings per share (in €) *	15	**0.126**		**0.113**	
Diluted earnings per share (in €) *	15	**0.126**		**0.112**	

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Consolidated Balance Sheet

		At 31 December 2011		At 31 December 2010	
		Total	*of which related parties (Chapter F)*	Total	*of which related parties (Chapter F)*
In thousands of euro	*Note*				
ASSETS					
Non-current assets					
Intangible assets	16	649,420		652,622	
Property, plant and equipment	17	274,871		256,759	
Investment property	18				
Equity investments	19	2,482		194	
Other financial assets	20	11,836		334	
Non-current tax receivables	21	976		967	
Deferred tax assets	22	55,726		46,294	
Trade receivables	23				
Other receivables	24	15,165	405	12,655	443
Total non-current assets		**1,010,476**		**969,825**	
Assets held for sale	28				
Current assets					
Trade receivables	23	65,560	2,453	90,421	2,210
Other receivables	24	28,028	6,456	23,300	5,983
Current tax receivables	21	27,245		44,200	
Inventories	25	236,988		240,066	
Other financial assets	26	0		23,051	
Cash and cash equivalents	27	151,887		154,859	
Total current assets		**509,708**		**575,897**	
TOTAL ASSETS		**1,520,184**		**1,545,722**	

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In thousands of euro	Note	At 31 December 2011 Total	At 31 December 2011 of which related parties (Chapter F)	At 31 December 2010 Total	At 31 December 2010 of which related parties (Chapter F)
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	31	445,036		441,277	
Share capital and reserves attributable to minority interests	31	1,182		1,613	
Total shareholders' equity		**446,218**		**442,890**	
Non-current liabilities					
Borrowings due after one year	32	329,200	2,900	371,048	2,900
Trade payables	33	235		88	
Other non-current provisions	34	12,429		16,993	
Deferred tax liabilities	35	32,735		32,338	
Pension funds and employee benefits	36	46,603		58,636	
Non-current tax payables	37	2,539		3,361	
Other non-current payables	38	5,948		4,202	
Total non-current liabilities		**429,689**		**486,666**	
Current liabilities					
Borrowings due within one year	32	170,261		156,800	
Trade payables	33	375,263	18,903	352,627	12,857
Tax liabilities	37	20,920		19,290	
Other current liabilities	38	64,718	75	69,503	342
Current portion of other non-current provisions	34	13,115		17,946	
Total current liabilities		**644,277**		**616,166**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,520,184**		**1,545,722**	