PIAGGIO & C.s.p.a.

PRESS INFORMATION

PRESS RELEASE

PIAGGIO GROUP: FIRST QUARTER 2010

Net sales € 340.6 million (+11.2% on 1Q 2009)

EBIT € 11.3 million (€ 0.2 million in 1Q 2009)

Profit before tax € 5.4 million (loss of € 8.2 million in 1Q 2009)

Net profit € 2.9 million (net loss of € 4.7 million in 1Q 2009)

EBITDA € 31.8 million (+51.4% on 1Q 2009)

EBITDA margin rising from 6.9% (1Q 2009) to 9.3% (1Q 2010)

Net debt € 422.6 million (-24.1 million on 1Q 2009)

**Increase in shipments in 2-wheel business (+12.4%)
and commercial vehicles business (+33.1%)**

Strong growth in 2-wheel business in Asia Pacific thanks to start-up of operations in Vietnam

Milan, 29 April 2010 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the quarterly report at 31 March 2010.

In the first quarter of 2010 the Piaggio Group sold a total of **143,730 vehicles** worldwide, for a **19.7%** improvement in volumes (on 120,100 vehicles shipped in the first quarter of 2009).

The increase arose in both the **2-wheel business**, with 87,580 vehicles sold worldwide (+12.4% on the year-earlier period), and the **commercial vehicles business**, where vehicles sold totalled 56,150 (+33.1% on the first quarter of 2009).

In the **2-wheel business**, the Piaggio Group's performance in the first quarter of 2010 was all the more significant in view of the weakness of demand on the European market in both the scooter segment (-11.1%) and the motorcycle segment (-10.6%) compared with the first three months of 2009.

On the **European market** the Group shipped a total of **71,400 2-wheel vehicles** in the first quarter of 2010 (69,000 in the year-earlier period), thanks above all to growth on the **Italian market**. As a result it improved its **overall market share** in Italy and in Europe.

In the **Asia Pacific** region, the Group shipped **15,000 2-wheel vehicles** in the first quarter, an improvement of 504.8% on the year-earlier period; turnover rose to € 33.7 million, up 419.8% on the first quarter of 2009: these results reflected the success of Group industrial and commercial operations in **Vietnam**, where the production facility was not operational in the first quarter of 2009.

In the **commercial vehicles business,** the Piaggio Group closed the first quarter of 2010 with a total of **56,150 shipments** (+33.1% on the year-earlier period), a result buoyed by the strong growth of the **Indian market**.

Group **consolidated net sales** amounted to € 340.6 million in the first quarter of 2010 (€ 306.3 million in the first quarter of 2009), an improvement of 11.2%.

The first-quarter **industrial gross margin** was € 102.5 million, up 16.7% from € 87.8 million in the first quarter of 2009. The **return on net sales** continued to grow, rising to 30.1% from 28.7% in the first quarter of 2009, thanks to constant control of production costs.

The Group reported a sharp improvement in **consolidated EBITDA** to € 31.8 million in the first quarter of 2010, an increase of **51.4%** (€ 21 million in the year-earlier period). The **EBITDA margin** also made healthy progress, rising from 6.9% in the first three months of 2009 to 9.3% in the first quarter of 2010.

EBIT was € 11.3 million, compared with € 0.2 million in the year-earlier first quarter.

In the first quarter of 2010 the Piaggio Group posted **profit before tax** of € 5.4 million, compared with a pre-tax loss of € 8.2 million in the first quarter of 2009.

The first quarter of 2010 closed with a **net profit** of € **2.9** million – against a net loss of € 4.7 million in the first quarter of 2009 – after tax of € 2.6 million.

Net debt was € **422.6** million at 31 March 2010, compared with € 352 million at 31 December 2009, an increase of € 70.6 million. This was due to the seasonal nature of the 2-wheel business, which absorbs cash in the first half of the year and generates cash in the second half. On a like-for-like basis, compared with the first quarter of 2009 net debt at 31 March 2010 was down € 24.1 million from € 446.7 million at 31 March 2009.

Shareholders' equity at 31 March 2010 totalled € 433.2 million, against € 423.8 million at 31 December 2009.

Significant events in the first quarter of 2010

On 22 January 2010 Piaggio signed an agreement with Enel to study the mobility requirements of electric and hybrid vehicles, through joint pilot projects in a number of Italian cities.

On 1 March 2010 the Group entered an important technical cooperation agreement with China's Dongan Power, a company in the ChangAn-Hafei Group, one of the top constructors in the Chinese automotives industry. The agreement provides for development of petrol engines for Piaggio light commercial vehicles produced in Italy and India, and for future technological development work in low/zero-emission hybrid and electric engines. The first result of the agreement will be the new 4-cylinder 1300cc Euro 4 and Euro 5 petrol engines for the Piaggio light vehicles range.

Outlook

During 2010 the Piaggio Group will focus on continuous improvement of competitiveness in all markets and sectors where it operates.
Quality, product cost and productivity will continue to be the key drivers for operations in 2010, with action to boost sales of 3/4-wheel commercial vehicles in India and Europe. The Group will also pay special attention to the growth of its motorcycle brands in Europe, consolidation of its leadership position in the scooter sector in Europe and America, and marketing of Vespa scooters in Vietnam – launched officially at the end of June 2009 – in part through the expansion of the product offer.
In 2010 the Piaggio Group will be focusing on new investments, including the industrialisation of the new diesel and turbodiesel engines with the start-up of the production facility in India.

***

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.

For more information:
Piaggio Group Press Office
Roberto M. Zerbi
Via Vivaio, 6
20145 Milan – Italy
+39 02 762126.43/44/45/46
press@piaggio.com
http://www.piaggiogroup.com

CONSOLIDATED INCOME STATEMENT

In thousands of euro	Note	1Q 2010	1Q 2009	Change
Net sales	4	**340,564**	**306,344**	**34,220**
of which vs related parties				*0*
Cost of materials	5	202,030	182,353	19,677
of which vs related parties		*6,169*	*8,763*	*(2,594)*
Cost of services and use of third-party assets	6	62,673	63,403	(730)
of which vs related parties		*553*	*456*	*97*
Employee expenses	7	62,200	61,059	1,141
Depreciation property, plant and equipment	8	9,168	9,437	(269)
Amortisation intangible assets	8	11,295	11,361	(66)
Other operating income	9	23,477	27,055	(3,578)
of which vs related parties		*404*	*559*	*(155)*
Other operating expense	10	5,344	5,572	(228)
of which vs related parties		*82*	*0*	*82*
EBIT		**11,331**	**214**	**11,117**
Share of result of associates	11		(6)	6
Finance income	12	679	794	(115)
Finance expense	12	7,262	8,717	(1,455)
of which vs related parties		*12*	*0*	*12*
Net exchange-rate gains/(losses)	12	669	(516)	1,185
Profit before tax		**5,417**	**(8,231)**	**13,648**
Income tax	13	**2,562**	**(3,544)**	**6,106**
Result from on-going operations		**2,855**	**(4,687)**	**7,542**
Discontinued operations:				
Profit or loss from discontinued operations	14			**0**
Consolidated net profit		**2,855**	**(4,687)**	**7,542**
Attributable to:				
Equity holders of the parent		**2,868**	**(4,582)**	**7,450**
Minority interests		**(13)**	**(105)**	**92**
Earnings per share (in €)	15	**0.007**	**(0.012)**	**0.019**
Diluted earnings per share (in €)	15	**0.007**	**(0.012)**	**0.019**

CONSOLIDATED BALANCE SHEET

In thousands of euro	Note	At 31 March 2010	At 31 December 2009	Change
ASSETS				
Non-current assets				
Intangible assets	16	645,783	641,254	4,529
Property, plant and equipment	17	248,850	250,415	(1,565)
Investment property	18			0
Equity investments	19	239	239	0
Other financial assets	20	175	343	(168)
of which vs related parties		*10*	*9*	*1*
Non-current tax receivables	21	6,757	4,990	1,767
Deferred tax assets	22	46,760	46,462	298
Trade receivables	23			0
Other receivables	24	12,144	12,914	(770)
of which vs related parties		*459*	*459*	*0*
Total non-current assets		**960,708**	**956,617**	**4,091**
Assets held for sale	28			**0**
Current assets				
Trade receivables	23	158,534	103,164	55,370
of which vs related parties		*773*	*477*	*296*
Other receivables	22	24,050	24,198	(148)
of which vs related parties		*4,009*	*4,066*	*(57)*
Current tax receivables	21	24,594	23,979	615
Inventories	25	276,443	252,496	23,947
Other financial assets	26	7,841	4,127	3,714
of which vs related parties				*0*
Cash and cash equivalents	27	115,776	200,239	(84,463)
Total current assets		**607,238**	**608,203**	**(965)**
TOTAL ASSETS		**1,567,946**	**1,564,820**	**3,126**

In thousands of euro	Note	At 31 March 2010	At 31 December 2009	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	29	431,562	421,661	9,901
Share capital and reserves attributable to minority interests	29	1,590	2,141	(551)
Total shareholders' equity		**433,152**	**423,802**	**9,350**
Non-current liabilities				
Borrowings due after one year	30	430,349	443,164	(12,815)
of which vs related parties		*2,900*	*16,000*	*(13,100)*
Pension funds and employee benefits	34	61,135	61,859	(724)
Other non-current provisions	32	23,163	22,965	198
Non-current tax payables	35			0
Other long-term payables	36	5,925	6,485	(560)
Deferred tax liabilities	33	29,219	29,694	(475)
Total non-current liabilities		**549,791**	**564,167**	**(14,376)**
Current liabilities				
Borrowings due within one year	30	115,866	113,178	2,688
Trade payables	31	351,299	345,987	5,312
of which vs related parties		*11,250*	*13,242*	*(1,992)*
Tax liabilities	35	19,099	18,952	147
Other current liabilities	36	80,139	79,567	572
of which vs related parties		*765*	*607*	*158*
Current portion of other non-current provisions	32	18,600	19,167	(567)
Total current liabilities		**585,003**	**576,851**	**8,152**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,567,946**	**1,564,820**	**3,126**

Glossary

Industrial gross margin: "Net sales" minus "Cost of sales" for the period. "Cost of sales" comprises: Cost of materials (direct and consumables), Additional purchase costs (transport incoming materials, customs, handling, warehousing), Payroll costs for direct and indirect manpower and related expenses, Third-party machinings, Energy, Depreciation of property, plant and equipment and industrial equipment, External maintenance and cleaning costs net of recovery of costs recharged to suppliers.

EBITDA: "Operating profit" gross of amortisation of intangible assets and depreciation of property, plant and equipment as reflected on the face of the income statement.

Operating expense: payroll costs, cost of services and use of third-party assets, and operating costs net of operating income not included in the industrial gross margin. Operating expense also includes amortisation and depreciation not included in the industrial gross margin.

Working capital: net sum of Current and non-current trade and other receivables, Inventories, Trade and other non-current payables and Current trade payables, Other receivables (Current and non-current tax receivables, Deferred tax assets) and Other Liabilities (Tax liabilities and Other current liabilities).

Property, plant and equipment, net: Property, plant and equipment and industrial equipment, net of accumulated depreciation, plus assets held for sale.

Intangible assets, net: capitalised development costs, costs for patents and knowhow, goodwill arising from Group internal mergers/acquisitions.

Non-current financial assets: Equity investments, Other non-current financial assets and any portion of Guarantee deposits reflected in Other current financial assets.

Provisions: Pension funds and employee benefits, Other non-current provisions, Current portion of other non-current provisions, Deferred tax liabilities.

Net financial position: Medium/long-term financing, Current financing less Current financial assets and less cash and cash equivalents.