PIAGGIO &C. s.p.a.

PRESS INFORMATION

PRESS RELEASE

PIAGGIO GROUP: FIRST NINE MONTHS OF 2010

Net sales € 1,176.3 million (+0.3% from first 9 months of 2009)

Net profit € 46.7 million (+16.5% from first 9 months of 2009)

EBITDA € 172.3 million (+0.1% from first 9 months of 2009)

EBIT € 108.1 million (+4.9% from first 9 months of 2009)

Profit before tax € 88.7 million (+11.5% from first 9 months of 2009)

Net debt € 342.9 million
(down from € 352 million at 31.12.2009
and € 352.6 million at 30.09.2009)

493,700 units shipped worldwide (+3.9% from first 9 months of 2009)

Extension for Piaggio Vietnam plant

New worldwide Spares Centre

Milan, 29 October 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 30 September 2010.

The Piaggio Group's results for the first nine months reflect improvements in all economic and financial indicators and confirm the importance of the strategic moves made by the Group to strengthen its industrial operations in the world's fastest-growing regions.

In the first nine months of 2010 the Piaggio Group sold a total of **493,700 vehicles** worldwide, for a **3.9% improvement in volumes** compared with 475,100 vehicles sold in January-September 2009.

Specifically:

- the **commercial vehicles business** sold 169,400 vehicles (+18.8% from the first nine months of 2009)
- the **two-wheeler** business sold 324,300 vehicles, a slight decrease (-2.5% in the first 9 months), reflecting the significant weakness of the Italian market; the two-wheeler sector in the first 9 months of 2010 fell by 19.8% in Italy whilst Europe-wide the demand for two-wheelers fell by 11.4% in the scooter segment and 10.4% in the motorbike segment. In this scenario, **the Group has improved its market share** in several product segments and in the key markets, with a growth in sales of 3.5% in Europe excluding Italy and consolidating its leadership in scooters and improving its market share in motorcycles: this result reflected the warm response to the new products presented by Aprilia and Moto Guzzi
- in **Asia Pacific**, with 40,900 two-wheel vehicles sold in the first nine months of

2010, the Group reported an increase of 120% from the year-earlier period, driven primarily by Piaggio Vietnam

Group **consolidated net sales** in the first nine months of 2010 were 1,176.3 million euro, up by 3.2 million euro from 1,173.1 million euro in January-September 2009. In particular:

- **Two-wheeler** revenues were 812.1 million euro (-5.8% from the first nine months of 2009)
- Revenues for **commercial vehicles** were 364.2 million euro (+17.2% from the year-earlier period)
- Results were particularly strong for commercial vehicle sales in **India** (net sales of 282.0 million euro, +35.8% from the first nine months of 2009) and for two wheelers in **Asia Pacific**, with revenues of 93 million euro, an improvement of 111.5% from the first nine months of 2009.

The **industrial gross margin** for the nine months was 380.3 million euro, an increase of 1.6% on 374.3 million euro in the year-earlier period. The **return on net sales** also improved, rising to 32.3% (31.9% in January-September 2009), thanks to constant control of production costs.

Consolidated EBITDA for the first nine months of 2010 amounted to 172.3 million euro (14.7% of net sales), an increase of 0.1% from 172.1 million euro in January-September 2009.

EBIT was 108.1 million euro, rising 4.9% from 103.1 million euro in the first nine months of 2009.

For the first nine months of 2010 the Piaggio Group posted **profit before tax** of 88.7 million euro, an improvement of 11.5% on 79.5 million euro in the year-earlier period.

The first nine months of 2010 closed with a **net profit** of 46.7 million euro, an increase of 16.5% on the first nine months of 2009 (40.1 million euro), after **tax** of 41.9 million euro (39.4 million euro in the first nine months of 2009).

Net debt at 30 September 2010 was 342.9 million euro. The decrease from 352.0 million euro at 31 December 2009 and 352.6 million euro at 30 September 2009 arose as a result of the positive trend in operating cash flow.

Shareholders' equity at 30 September 2010 totalled 445.7 million euro, compared with 423.8 million euro at 31 December 2009.

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New worldwide Spares Centre

During the meeting, the Piaggio & C. S.p.A. Board of Directors approved plans for the new Group worldwide Spares Centre, to be built at Piaggio's Pontedera location. With this investment project, the Piaggio Group is to introduce a highly innovative system for spares and supplies logistics and management of after-sales services. The other spares centres in Asia and the USA will report to the new centre, which will be responsible for all Group brands and product lines. The project will consequently involve a full re-organisation of the current logistics structure.

The services guaranteed by the Group Spares Centre will be based on new software systems, management of business-to-business portals – specialising in products, supplies and merchandising, and warranty services – and use of new infrastructures for automation of all logistics operations.
The project will deliver important cost savings. As from 2013, Piaggio expects to achieve cost efficiencies of more than 35% on its current annual warehouse management cost.

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Approval of the Project for an extension to the Vietnam plant

As part of the Piaggio Group growth plans in South East Asia set out in the 2010-2013 Business Plan, at today's meeting the Piaggio & C. S.p.A. Board of Directors approved plans for an extension to the Piaggio Vietnam plant, on the site adjoining the existing factory in Vinh Puch.
The plans envisage the construction of two new buildings with surface areas of 14,000 and 6,500 m^2 and the gradual installation of assembly lines and machining plants for new models to be marketed in South East Asia. Additionally, an R&D Centre will be set up, reporting to the Group R&D Centre in Pontedera. Upon final completion of the construction work, scheduled for the end of 2013, production capacity at Piaggio Vietnam will reach 300,000 vehicles/year.
The Board of Directors approved the start-up of activities and authorised the first tranche of investments up to an amount of 14 million euro. This will cover outlay for 2011. The overall cost of the project has been estimated at approximately 30 million euro.

Significant events after 30 September 2010

On **3 October 2010** Aprilia won the Superbikes world championship manufacturers title, taking its championship titles to 45, after the Superbikes world championship riders title was won by Max Biaggi on **26 September 2010** in Imola.

On **5 October 2010** new motorcycles were presented at the Intermot international motor show in Cologne: the Aprilia RSV4 Factory Special Edition 1000cc with APRC ride control, the Aprilia Dorsoduro 1200 and the Moto Guzzi V7 Racer 750.

On **17 October 2010**, Derbi won the manufacturers world title in the 125cc class, taking its world titles to 20.

On **21 October 2010** Italy passed a decree law, to take effect on 3 November 2010, providing an incentives fund for 110 million euro for the purchase of two-wheel vehicles and goods in nine other merchandise segments.

Outlook

During the fourth quarter of 2010, the Piaggio Group will continue its industrial and commercial growth strategy on key Asian markets in order to strengthen its leadership on the Indian three and four-wheel light commercial vehicle market and win additional market share in the scooter sector in Vietnam.
At corporate level, Piaggio R&D will focus on the renewal of the Group product ranges – scooters, motorcycles and commercial vehicles – with particular attention to

development of energy-efficient engines with little or zero environmental impact.

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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
Pursuant to Consob Resolution no. 15519 of 27 July 2006

In thousands of euro	Note	1-1 / 30-09-2010	1-1 / 30-09-2009	Change
Net sales	4	**1,176,301**	**1,173,149**	**3,152**
of which vs related parties		*758*	*7*	*751*
Cost of materials	5	682,769	679,955	2,814
of which vs related parties		*33,035*	*25,269*	*7,766*
Cost of services and use of third-party assets	6	202,726	211,078	(8,352)
of which vs related parties		*4,122*	*2,386*	*1,736*
Employee expenses	7	187,712	186,915	797
Depreciation property, plant and equipment	8	27,048	27,535	(487)
Amortisation intangible assets	8	37,140	41,449	(4,309)
Other operating income	9	87,878	97,965	(10,087)
of which vs related parties		*1,309*	*1,159*	*150*
Other operating expense	10	18,639	21,059	(2,420)
of which vs related parties		*32*	*0*	*32*
EBIT		**108,145**	**103,123**	**5,022**
Share of result of associates	11	11	172	(161)
Finance income	12	1,927	3,306	(1,379)
of which vs related parties		*3*		*3*
Finance expense	12	21,399	26,205	(4,806)
of which vs related parties		*104*	*70*	*34*
Net exchange-rate gains/(losses)	12	(20)	(889)	869
Profit before tax		**88,664**	**79,507**	**9,157**
Income tax	13	**41,938**	**39,397**	**2,541**
Result from on-going operations		**46,726**	**40,110**	**6,616**
Discontinued operations:				
Profit or loss from discontinued operations	14			**0**
Consolidated net profit		**46,726**	**40,110**	**6,616**
Attributable to:				
Equity holders of the parent		**46,720**	**39,403**	**7,317**
Minority interests		**6**	**707**	**(701)**
Earnings per share (in €) *	15	**0.122**	**0.105**	**0.017**
Diluted earnings per share (in €) *	15	**0.121**	**0.105**	**0.016**

* In connection with the cancellation of 24,247,007 shares on 10 May 2010, the average number of outstanding shares in the first 9 months of 2009 has been re-computed as envisaged by IAS 33

CONSOLIDATED BALANCE SHEET
Pursuant to Consob Resolution no. 15519 of 27 July 2006

In thousands of euro	Note	At 30 September 2010	At 31 December 2009	Change
ASSETS				
Non-current assets				
Intangible assets	16	644,370	641,254	3,116
Property, plant and equipment	17	244,219	250,415	(6,196)
Investment property	18			0
Equity investments	19	239	239	0
Other financial assets	20	258	343	(85)
of which vs related parties		*0*	*9*	*(9)*
Non-current tax receivables	21	6,496	4,990	1,506
Deferred tax assets	22	45,107	46,462	(1,355)
Trade receivables	23			0
Other receivables	24	13,606	12,914	692
of which vs related parties		*459*	*459*	*0*
Total non-current assets		**954,295**	**956,617**	**(2,322)**
Assets held for sale	28			**0**
Current assets				
Trade receivables	23	141,720	103,164	38,556
of which vs related parties		*1,281*	*477*	*804*
Other receivables	24	20,376	24,198	(3,822)
of which vs related parties		*4,002*	*4,066*	*(64)*
Current tax receivables	21	38,348	23,979	14,369
Inventories	25	267,542	252,496	15,046
Other financial assets	26	25,334	4,127	21,207
Cash and cash equivalents	27	140,836	200,239	(59,403)
Total current assets		**634,156**	**608,203**	**25,953**
TOTAL ASSETS		**1,588,451**	**1,564,820**	**23,631**

In thousands of euro	Note	At 30 September 2010	At 31 December 2009	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	29	444,106	421,661	22,445
Share capital and reserves attributable to minority interests	29	1,602	2,141	(539)
Total shareholders' equity		**445,708**	**423,802**	**21,906**
Non-current liabilities				
Borrowings due after one year	30	379,025	443,164	(64,139)
of which vs related parties		*2,900*	*16,000*	*(13,100)*
Pension funds and employee benefits	34	61,800	61,859	(59)
Other non-current provisions	32	22,536	22,965	(429)
Non-current tax payables	35			0
Other long-term payables	36	5,961	6,485	(524)
Deferred tax liabilities	33	28,753	29,694	(941)
Total non-current liabilities		**498,075**	**564,167**	**(66,092)**
Current liabilities				
Borrowings due within one year	30	130,081	113,178	16,903
Trade payables	31	385,439	345,987	39,452
of which vs related parties		*12,143*	*13,242*	*(1,099)*
Tax liabilities	35	36,167	18,952	17,215
Other current liabilities	36	75,075	79,567	(4,492)
of which vs related parties		*391*	*607*	*(216)*
Current portion of other non-current provisions	32	17,906	19,167	(1,261)
Total current liabilities		**644,668**	**576,851**	**67,817**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,588,451**	**1,564,820**	**23,631**

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.