



PRESS RELEASE

PIAGGIO GROUP: 2012 DRAFT FINANCIAL STATEMENTS

Consolidated net sales € 1,406.2 million (1,516.5 million in 2011)

Net profit € 42.1 million (46.3 million in 2011)

Ebit € 96.6 million (104.8 million in 2011)

Ebitda € 176.2 million (199.8 million in 2011)

Gross margin € 417.9 million (454.3 million in 2011)

Net financial position € -391.8 million (-335.9 million at 31.12.2011)

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European leadership of two-wheeler sector confirmed

Strong sales growth in Asia Pacific and USA

Vespa sales exceed 165,000 scooters

Growth of Moto Guzzi brand in contrast to European motorcycle market trend

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Parent Piaggio & C. S.p.A.: net profit 46.2 million euro

Proposed per-share dividend of 0.092 euro

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Proposal to cancel 11,049,021 own shares in portfolio

Mantua, 27 February 2013 – At a meeting today in Mantua chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the 2012 draft financial statements.

The positive performance of the Piaggio Group acquires even greater significance when considered against the macroeconomic scenario of 2012, which was exceptionally challenging for most industrial sectors and presented areas of extraordinary market difficulties for the two-wheeler and commercial vehicle segments in which the Group operates.

Despite these difficulties, on Western markets in 2012 the performance of the Piaggio Group reflected constant consolidation of its European leadership in the two-wheeler business, with another year of growth, especially in its European scooter market share. Performance was particularly significant in the USA, one of the few Western two-wheeler markets to report a rise in demand. In the Asian countries the Group continued to reap the benefits of its globalisation strategy, specifically with double-digit growth in turnover in Asia Pacific, while in India the launch of the Vespa on the local market was completed.

Control over costs and productivity enabled the Group to maintain high profit margins, without slowing progress in the global expansion strategies set out in the Piaggio Group Business Plan and based on the elements that are the foundation of the positive results approved today: premium pricing and brand policies, and growth on emerging markets.

Group **consolidated net sales** in 2012 were 1,406.2 million euro, against 1,516.5 million euro in 2011.

In 2012 the Piaggio Group sold a total of **615,500 vehicles** worldwide, compared with 653,300 in 2011.

In the **two-wheeler business**, the Piaggio Group sold 406,100 vehicles in 2012, for turnover of 993.3 million euro (415,000 vehicles and 1,025.3 million euro in 2011).

The slowdown in sales in **Europe**, where the two-wheeler market slackened overall by 13%, was countered to a large extent not only by the strengthening of the Group's European market shares, but above all by the strong growth of the Piaggio Group in **Asia Pacific**, where its shipments and turnover improved by 7.5% and 12.6% respectively, and in **America**, with shipments and turnover rising by 36.4% and 109.2% respectively. Approximately 26,000 Vespa scooters were sold in **India** from May to December 2012.

On the **Vietnamese scooter market**, Piaggio raised its share to 19% for automatic scooters, with growth of 0.8 percentage points from 2011. In the other Asia Pacific markets (where Group shipments increased by 19%), interesting growth levels were reported in Thailand and Australia. On the **US market**, the Piaggio Group consolidated its ranking as one of the top scooter manufacturers with a share of 25.3%, and confirmed its position as outright leader in over 50cc scooters, with a US market share of 39.3%.

The Group also consolidated its **leadership in the two-wheeler sector in Europe** with a 19.8% share of the overall market and additional growth to 27.9% in the scooter sector (+0.3 percentage points from 2011).

The **Vespa brand** continued to show constant growth in worldwide sales – which have more than tripled since 2003 – with **more than 165,000 scooters** sold from January to December 2012.

Among the other Group brands specific mention should be made of **Moto Guzzi**, which in 2012 – in sharp contrast to the trend on the European motorcycle market – reported growth of 15.3% in bike sales (6,664 vehicles compared with 5,763 in 2011), confirming the success of its strategy to expand its range, which in 2013 will culminate in the launch of two separate models of the **new Moto Guzzi California 1400**.

Sales of Group sports bikes were supported by the new success of the **Aprilia RSV4** in the **World Superbike**. As in 2010, Aprilia closed the 2012 WSBK Championship with the rider and the manufacturer titles, raising to 51 its total number of championship victories and to 101 the number of Piaggio Group victories with Aprilia, Moto Guzzi, Gilera and Derbi. Aprilia's dominance in the World Superbike was reiterated at the start of the **2013 season** on 24 February in Phillip Island, when three Aprilia bikes took the first three places in the first heat and two Aprilias took the first two places in the second heat.

In the **commercial vehicles business**, the Piaggio Group sold a total of 209,400 vehicles in 2012 (238,300 in 2011) for turnover of 412.9 million euro (491.1 million in 2011). Group sales were affected by the sharp downturn on all core markets, which reported decreases of 32% for Italy and 13.3% for Europe, and a 9.8% reduction in the Cargo segment of the Indian three-wheeler market.

On the **Indian three-wheel commercial vehicle market**, **Piaggio Vehicles Private Ltd. (PVPL)** confirmed its market leadership in the Cargo segment with a share of more than 52% and was one of the top players in the business as a whole, with a market share of 34.3%.

In India, towards the end of 2012, PVPL launched the **new three-wheeler** Apé City Passenger equipped with a new 200cc engine developed entirely by Piaggio. In **four-wheel commercial vehicles**, PVPL developed and industrialised **two new models** with automobile-type driver cabs based on the Piaggio Porter and Quargo commercial vehicles, respectively in the segment with a payload of under 0.5 mt (and 510cc diesel engine) and in the segment with a payload between 0.5 and 1 mt, equipped with the **new 1,000cc twin-cylinder diesel engine** designed in-house by the Piaggio Group and industrialised in the Baramati Engine Plant. The two new commercial vehicles will help the Piaggio Group broaden and strengthen its offer in a market segment which, in India, has been showing double-digit growth in the last few years.

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The **industrial gross margin** for the year was 29.7% compared with 30% in 2011, a particularly significant result considering the general economic and market situation and the consequent reduction in turnover, obtained by maintaining a premium pricing policy and thanks to the efficiencies achieved on product cost. In absolute terms, the margin was 417.9 million euro, against 454.3 million euro in 2011.

Operating expense for 2012 was 321.3 million euro, down by approximately 28.2 million euro from the previous year despite the Vespa production and marketing start-up in India and the geographical expansion of the Piaggio Group; this confirms the constant focus on making significant cost reductions and maintaining high profitability and productivity levels.

Consolidated Ebitda in 2012 was 176.2 million euro, compared with 199.8 million in 2011. The **Ebitda margin** was 12.5% (13.2% in 2011). Piaggio Group **Ebit** in 2012 was 96.6 million euro from 104.8 million euro in 2011. The EBIT margin was identical to the 2011 figure of 6.9%.

In 2012 the Piaggio Group reported **profit before tax** of 67.9 million euro, compared with 78.6 million euro in 2011.

2012 closed with a **net profit** of 42.1 million euro, down from 46.3 million euro in 2011. The return on sales was 3.0%, substantially in line with 2011 (3.1%).

Net debt at 31 December 2012 was 391.8 million euro. Compared with the figure at 31 December 2011 (335.9 million euro), the rise in net debt reflected the high level of Piaggio Group **capital expenditure** during the year (148 million euro, +17% from 2011, +54% from 2010) to continue the global expansion of industrial and commercial operations (including the purchase on 11 April 2012 of a **business unit located in Pontedera** with strategic sourcing importance for the Group's European production activities).

Shareholders' equity at 31 December 2012 amounted to 439.9 million euro from 446.2 million euro at 31 December 2011.

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Events after 31 December 2012

15 February 2013 – Following the Group decision to close the Spanish factory and transfer production operations to its Italian factories (notably for the Derbi brand), Nacional Motor presented an E.R.E. (*Expediente de Regulacion de Empleo*, employment regulation expedient) for



almost all workers. This procedure will involve the Group in restructuring expense estimated at approximately 5 million euro.

Outlook

Despite the persistent slowdown in global growth, and in the Western economies in particular, the Piaggio Group is committed to maintaining the direction outlined in its Business Plan in order to continue generating value for all stakeholders.

It therefore confirms both its commitment to strong growth in productivity – by leveraging its wider international presence to boost product cost competitiveness on key processes such as procurement, manufacturing, engineering – and its industrial and commercial development strategy in Asia and its leadership consolidation strategy on Western markets.

As far as commercial and industrial operations are concerned, the Group plans to:

- continue growth in the Asia Pacific area through the expansion of its two-wheeler ranges and growth on local markets, where it can also leverage an industrial presence enhanced during 2012 with the start-up of the engine production factory in Vietnam;
- accelerate sales on the Indian scooter market, a high-growth market where the Group began operations in the spring of 2012 with the introduction of the Vespa premium brand, in part through the expansion of the sales network and the enhancement of the product offer;
- confirm its leadership position on the European two-wheeler market, where in 2012 Piaggio increased its share of the scooter market, by further strengthening its product range – the various new entries will include the launch in early 2013 of the iconic Vespa 946 – and growing motorcycle sales and margins through the Moto Guzzi and Aprilia ranges;
- grow commercial vehicle sales in India, in part through entry into new segments of the Indian three-wheeler market with the new Apé City and the introduction of new models in the four-wheeler segment, and in the emerging countries by targeting further growth in exports on African, Asian and South American markets;
- maintain its current positions on the European commercial vehicles market.

With regard to technology, the Piaggio Group confirms its commitment to the development of two-wheeler and commercial vehicle ranges and to combustion and hybrid engines with sharply reduced fuel consumption and emissions.

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Piaggio & C. S.p.A.

The parent company reported 2012 net sales of 841.8 million euro and profit after tax of 46.2 million euro.

Proposed dividend of 0.092 euro

The Board of Directors will ask the shareholders' meeting to approve distribution of a **dividend of 0.092 euro per ordinary share** (compared with 0.082 euro for financial year 2011), not including the quota for remaining own shares pursuant to art. 2357-ter Italian Civil Code, for a total amount of € 33,126,198.96. The ex dividend date will be 20/05/2013, with payment on 23/05/2013.

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Proposal to cancel own shares

The Piaggio & C. S.p.A. Board of Directors agreed to present to the shareholders' meeting a proposal for the cancellation of 11,049,021 own shares in portfolio (representing 2.97% of the share capital), while maintaining the current share capital unchanged.

Authorisation for the purchase and sale of own shares

At today's meeting the Board of Directors agreed to present to the shareholders' meeting a proposal for the renewal of the authorisation for the purchase and sale of own shares, which is due to expire on 12 October 2013. The proposal aims to provide the company with a useful strategic investment opportunity for the purposes allowed under law, including the purposes contemplated in the market practices allowed by the Consob pursuant to art. 180, paragraph 1, lett c) of the Consolidated Finance Act with resolution no. 16839 of 19 March 2009 and Regulation CE no. 22/2003 of 22 December 2003, and also for purchases of own shares for subsequent cancellation.

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With effect from the first half of 2012 the Piaggio Group has elected early adoption of IAS 19 revised. Consequently, the previously published income statement figures for the year to 31 December 2011 have been restated where necessary in this press release, to permit comparison on a like-for-like basis.

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

	Note	2012		2011 Re-stated ¹	
		Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>					
Net sales	4	1,406,152	591	1,516,463	1,674
Cost of materials	5	835,352	32,802	904,060	38,786
Cost of services and use of third-party assets	6	249,934	3,702	266,484	3,817
Employee expenses	7	223,419		248,356	
Depreciation property, plant and equipment	8	37,001		35,219	
Amortisation intangible assets	8	42,620		59,794	
Other operating income	9	101,298	475	122,562	502
Other operating expense	10	22,540	5	20,323	14
EBIT		96,584		104,789	
Share of result of associates	11	3,530		2,481	
Finance income	12	2,016		4,087	
Finance expense	12	33,609	503	31,853	305
Net exchange-rate gains/(losses)	12	(660)		(932)	
Profit before tax		67,861		78,572	
Income tax	13	25,787		32,312	
Result from on-going operations		42,074		46,260	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Net profit (loss) for the period		42,074		46,260	
Attributable to:					
Equity holders of the parent		42.008		46.290	
Minority interests		66		(30)	
Earnings per share (in €)	15	0.113		0.124	
Diluted earnings per share (in €)	15	0.113		0.124	

¹ Amounts have been re-stated after application of IAS 19 revised, which, among other things, has modified the policy for recognising actuarial gains and losses with respect to employee severance entitlements and pension funds. For further information see paragraph 2.1 Accounting policies, amendments and interpretations applied as from 1 January 2012 in the "Notes to the Financial statements".

Consolidated Balance Sheet

	Note	At 31 December 2012		At 31 December 2011 ²	
		Total	of which related parties	Total	of which related parties
<i>In thousands of euro</i>					
ASSETS					
Non-current assets					
Intangible assets	16	660,968		649,420	
Property, plant and equipment	17	321,015		274,871	
Investment property	18				
Equity investments	19	6,049		2,482	
Other financial assets	20	13,047		11,836	
Non-current tax receivables	21	1,195		976	
Deferred tax assets	22	36,714		32,843	
Trade receivables	23	28			
Other receivables	24	13,781	372	15,165	405
Total non-current assets		1,052,797		987,593	
Assets held for sale	28				
Current assets					
Trade receivables	23	63,079	946	65,560	2,453
Other receivables	24	37,301	6,610	28,028	6,456
Current tax receivables	21	18,592		27,245	
Inventories	25	221,086		236,988	
Other financial assets	26	1,260		0	
Cash and cash equivalents	27	86,110		151,887	
Total current assets		427,428		509,708	
TOTAL ASSETS		1,480,225		1,497,301	

² To assist understanding of the dynamics of other receivables/payables, deferred tax liabilities have been reclassified (previously recognised under "Provisions").



		<u>At 31 December 2012</u>		<u>At 31 December 2011³</u>	
			<i>of which</i>		<i>of which</i>
		Total	<i>related</i>	Total	<i>related</i>
			<i>parties</i>		<i>parties</i>
<i>In thousands of euro</i>	<i>Note</i>				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	31	438,628		445,036	
Share capital and reserves attributable to minority interests	31	1,245		1,182	
Total shareholders' equity		439,873		446,218	
Non-current liabilities					
Borrowings due after one year	32	376,574	2,900	329,200	2,900
Trade payables	33	259		235	
Other non-current provisions	34	12,352		12,429	
Deferred tax liabilities	35	6,639		9,852	
Pension funds and employee benefits	36	50,470		46,603	
Non-current tax payables	37	555		2,539	
Other non-current payables	38	6,423		5,948	
Total non-current liabilities		453,272		406,806	
Current liabilities					
Borrowings due within one year	32	115,042		170,261	
Trade payables	33	392,893	17,382	375,263	18,903
Tax liabilities	37	15,757		20,920	
Other current liabilities	38	50,345	187	64,718	75
Current portion of other non-current provisions	34	13,043		13,115	
Total current liabilities		587,080		644,277	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,480,225		1,497,301	

³ To assist understanding of the dynamics of other receivables/payables, deferred tax liabilities have been reclassified (previously recognised under "Provisions").