**PRESS RELEASE**

**PIAGGIO GROUP: FIRST NINE MONTHS OF 2012**

**Consolidated net sales € 1,112.3 million (1,200.2 million in the first nine months of 2011)**

**Net profit at 4.0% in terms of turnover (3.9% in the first 9 months of 2011)**
**Net profit € 44.4 million (47.1 million in the first nine months of 2011)**

**EBITDA margin at 14.0% (14.3% in the first nine months of 2011)**
**EBITDA € 156.0 million (171.8 million in the first nine months of 2011)**

**EBIT margin at 8.6% (8.7% in the first nine months of 2011)**
**Consolidated EBIT € 95.8 million (104.0 million in the first nine months of 2011)**

**Gross margin at 30.3% in terms of turnover (30.6% in the first 9 months of 2011)**
**Gross margin € 337.3 million (367.6 million in the first nine months of 2011)**

**Net financial position € -365.3 million**

*Mantua, 26 October, 2012* - At a meeting today in Mantua chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. SpA has reviewed and approved the quarterly report of September 30, 2012.

The indisputably positive performance of the Piaggio Group takes on even greater significance when compared with the 2012 macroeconomic scenario - extremely challenging and demanding for most industrial sectors - with areas of outstanding difficulty in the two wheeler and commercial vehicle markets and segments in which the Group operates.

Despite the difficulties presented by these scenarios, the performance of the Piaggio Group in the western markets highlights the continued consolidation of European leadership in the two-wheeler sector - with the European scooter share growing for the sixth consecutive quarter - and steady growth in the United States - one of the few western two-wheeler markets showing a positive trend. In Asian countries, the Group continues to reap the benefits of its strategy of investment globalization, productive assets and commercial activities, developed with the utmost determination since 2003.

Rigorous cost reduction and productivity improvement have maintained the high profitability levels of the Group, without slowing down the implementation of the global expansion strategies defined in the Strategic Plan 2011-2014. The focus remains the same: brand policies and premium price, and growth in emerging markets - which are the basis of the positive results today approved.

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The **consolidated net sales** of the Group in the first nine months of 2012 amounted to 1,112.3 million euro, compared to 1,200.2 million euro in the first nine months of 2011.

In the first nine months of 2012, the Piaggio Group sold **475,200 vehicles** around the world, compared to 512,200 vehicles sold in the first nine months of 2011.

In the **two-wheeler business**, the Piaggio Group in the first nine months of 2012 sold 321,300 vehicles, with a turnover of 706.3 million euro (compared to 332,800 units and 777.2 million euro in the first nine months of 2011).
The drop in sales in **Europe** - where the two-wheeler market recorded an overall decrease of 12.8% in scooters and 11.7% in bikes compared to the first nine months of 2011 - was partly offset by the Piaggio Group's increased share on the continent and by its strong growth in the **Asia Pacific** area, with units sold and Group turnover growing by 15.0% and 20.2% respectively, and in **America**, where units sold and revenue was up by 42.8% and 108.0% respectively. On the **Vietnamese scooter market**, Piaggio rose to an 18.8% share in the automatic scooter segment - an increase of 0.8 percentage points compared to January-September 2011. On **the U.S. market**, the Piaggio Group consolidated its position as a primary scooter manufacturer with a share of over 25%.

The Group also consolidated its **leadership of the two-wheeler industry in Europe**, taking 19.8% of the total market and rising further to 28.2% in the scooter sector (+0.6 percentage points compared to the first nine months of 2011). The Poste Italiane order pushed the overall **Italian market share up to 31.1%,** increasing the Group's leadership by 3.1 percentage points compared to January-September 2011.

**Indian market sales of Vespa scooters,** produced at the new plant in Baramati, amounted to approximately 13,000 units at 30 September of this year. They were introduced to this market in May. The start up of this new and important area of Piaggio Group operations in India has been supported by, among other things, a marketing and communications campaign recently launched on the major Indian television networks, focusing on a strategy of **brand premium positioning and the Vespa produc**t, and targeted at a young Indian consumer class and cosmopolitan culture.

Also in the first nine months of 2012, the **Vespa brand** confirmed the steady growth of its worldwide sales - more than tripling from 2003 to 2011, from about 50,000 to over 150,000 - reaching approximately 121,000 units sold from January to September 2012.
One of the Group's brands is **Moto Guzzi.** In the first nine months of the year the success of its **new V7 range** helped it achieve an increase of 13.7% in units sold (from 4,800 to 5,400 vehicles), confirming the success of the range's development strategies, which will be crowned with the imminent launch of the new **Moto Guzzi California 1400** in two distinct models.
The recent success of **Aprilia** in the **Superbike World Championship** has boosted sales in the sports bike segment. As in the 2010 season, Aprilia ended the 2012 WSBK Championship winning both the Manufacturers' Championship and the Drivers' title with Max Biaggi. This brought it to a total of 51 titles on its list of world championship victories (making Aprilia the most successful Italian and European manufacturer of all those active in racing). For the Piaggio Group, it means 101 world titles overall with Aprilia, Moto Guzzi, Gilera and Derbi.

In the **commercial vehicle business**, Group sales were affected by the sharp decline of all markets at the same time (with decreases of 36% in Italy and 11.5% for Europe, and a decline of 2.8% for the Indian three-wheeler market). In this business, the Piaggio Group sold a total of 153,900 vehicles in the first nine months of 2012 (179,400 in the first nine months of 2011) with a turnover of 307.5 million euro in that period (375.9 in the first nine months of 2011).
On the **Indian market for three-wheeler commercial vehicles**, **Piaggio Vehicles Private Ltd.** (PVPL) proved to be a leading player with a market share of 34.6%. It is also important to state that in this segment in the fourth quarter, PVPL gave further impetus to the positive performance record made in recent months in the very important **Passengers segment** (up 5.4% in August and up 4.2% in September compared to the corresponding months of 2011) with the upcoming launch of the **new three-wheeler** Apé City Passenger, powered by a new 200cc engine developed entirely by Piaggio. The new model will help entry into what was an entirely unknown market segment for PVPL: with more than 200 thousand units sold in 2011, it has gained about 50% of the total market.
In addition, the field of **four- wheeled commercial vehicles** sees Piaggio Vehicles Private Ltd launch **two new models** with car-type cabs, developed on the commercial Piaggio Porter and Quargo platform: a new commercial vehicle in the segment with payload less than 0.5 tonnes, fitted with a 510cc diesel engine; also, a new commercial vehicle in the 0.5 to 1 ton payload segment, equipped with the **new twin-cylinder 1.000cc diesel engine**, developed entirely by the Piaggio Group and manufactured in the new Baramati Engine Plant. The two new commercial vehicles will allow the Piaggio Group to further expand and strengthen its offering in a market segment that, in India in recent years, has recorded double-digit growth rates (+12% from January to August 2012 compared to the first eight months of 2011).

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The period **gross margin revenue** in relation to net turnover stood at 30.3% (30.6% in the first nine months of 2011); a result of particular importance in view of the macroeconomic and market environment of the period and the resulting decline in sales. The absolute value amounted to 337.3 million euro, compared with 367.6 million euro in the first nine months of 2011.

The **EBITDA margin** in the first nine months of 2012 amounted to 14% (14.3% in the first nine months of 2011). In absolute value figures, the **consolidated EBITDA** stood at 156.0 million euro, compared to 171.8 in the first nine months of 2011. In terms of **consolidated EBIT**, the performance of the Piaggio Group in the first nine months of 2012 amounted to 95.8 million euro, compared to 104.0 million euro in the first nine months of 2011. If compared to sales, the consolidated EBIT was substantially in line with the figure for the previous year, amounting to 8.6% compared with 8.7% in the first nine months of 2011.

**Operating expenses** incurred during the first nine months of 2012 totalled EUR 241.5 million, down by approximately 22.1 million euro compared to the same period last year (263.6 million euro). This confirms the Group's continued focus on reducing costs and maintaining high levels of profitability and productivity.

In the first nine months of 2012 the Piaggio Group reported **profit before tax** of 71.6 million euro, compared with 87.3 million euro in the same period of 2011.

The first nine months of 2012 closed with a **net profit** of 44.4 million euro, compared to 47.1 million euro in the first nine months of 2011. In terms of turnover, net profit in the first nine months of the current year rose to 4.0% from 3.9% in the corresponding period of 2011.

The **net debt** on 30 September 2012 amounted to 365.3 million euro. In a uniform year-on-year comparison, net debt on 30 September 2012 showed an increase of 35.2 million euro, a figure that marks a **net recovery** compared to a year-on-year comparison recorded in the six month period (an increase of 51.9 on 30.06.2012 compared to 30.06.2011).
Compared to figures for 31 December 2011 (335.9 million euro), the increase in net debt is due both to **investment** - up from 87.1 million in the first nine months of 2011 to 107.1 million in same period of 2012 - made by the Piaggio Group for the international development of industrial and commercial operations, and to the impact of the11 April 2012 acquisition of a **business complex in Pontedera**.

**Shareholders' equity** on 20 September 2012 amounted to 450.0 million euro, against 446.2 million euro at 31 December 2011.

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**Events after 30 September 2012 and outlook**

4 October 2012 – The new super sport bike Aprilia RSV4 Factory 2013 ABS and the new Piaggio Fly scooter, with 50cc and 125cc engines, were presented at the Intermot 2012 Fair in Cologne.

8 October 2012 – The Californian company Piaggio Advanced Design Center Corp. was set up. Owned entirely by Piaggio & C. S.p.A., it has registered offices in Pasadena, California.

With regard to the business outlook, in an increasing complex market scenario, the Group will continue to pursue the objectives that have characterised the first nine months of 2012, with the goal of generating continued value for all stakeholders.

From the perspective of commercial and industrial activities we expect:
- in the Asia – Pacific area, the expansion of the range of two-wheeler vehicles and engines, with the imminent launch of the new Vespa LX - fitted with the new 4-stroke 3-valve engine that offers low fuel consumption and emission levels - as well as the completion of the entry into the Indonesian and the other Asian markets;
- completion of entry into the rapidly growing Indian scooter market - which shows high annual growth rates - with the Vespa premium brand;
- in the mature western markets, further confirmation of the Group's European leadership in the overall market for two-wheeler vehicles and in the scooter sector, is the growth of sales and margins in the motorbike sectors thanks to the Aprilia and Moto Guzzi ranges;
- in the commercial vehicles sector, we aim to maintain the sales levels and market shares in India (thanks also the introduction of new 3 and 4 wheel vehicles in the fastest growing segments) and in emerging Countries, and the maintenance of the current positions in the European markets, with an additional development of exports to the African, Asian and South American markets.

From a technological perspective, the Piaggio Group is strongly focused on the development – for two-wheelers and commercial vehicles – of new, highly innovative thermal motors that are characterised by greatly reduced fuel consumption and emission levels.

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We report that starting with the 2012 interim report, the Piaggio Group has adopted the IAS 19 revised accounting principle. Therefore, in this press statement the figures from the income statement, which were published at the end of the first semester 2011 and on 31 December 2011, have been recalculated where necessary in order to allow uniform comparison.

The manager in charge of the preparation of the company accounts and documents, Alessandra Simonotto certifies, pursuant to paragraph 2 of art. 154 bis of Legislative Decree n. 58/1998 (Consolidated Law on Finance), that the accounting disclosures in this press statement correspond to the accounting documents, ledgers and entries.

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## Consolidated Income Statement

| *In thousands of euro* | First nine months of 2012 Total | First nine months of 2012 of which related Parties | First nine months of 2011 Revised [1] Total | First nine months of 2011 Revised [1] of which related Parties |
|---|---|---|---|---|
| **Net Sales** | **1,112,310** | **449** | **1,200,162** | **1,560** |
| Cost of materials | 655,497 | 27,859 | 717,736 | 32,269 |
| Cost of services and use of third party assets | 192,807 | 3,019 | 193,988 | 2,966 |
| Employee expenses | 170,490 | | 190,575 | 0 |
| Depreciation property, plant and equipment | 27,151 | | 26,231 | 0 |
| Amortisation intangible assets | 33,111 | | 41,519 | 0 |
| Other operating income | 76,952 | 175 | 89,399 | 405 |
| Other operating expense | 14,424 | | 15,497 | 0 |
| **EBIT** | **95,782** | | **104,015** | |
| Share of result of associates | 3,565 | | 3,382 | 0 |
| Finance income | 1,682 | | 3,470 | 0 |
| Finance expense | 29,865 | 299 | 23,075 | 180 |
| Net exchange rate gains/(losses) | 415 | | (494) | 0 |
| **Profit before tax** | **71,579** | | **87,298** | |
| Income tax | 27,201 | | 40,244 | 0 |
| **Result from ongoing operations** | **44,378** | | **47,054** | |
| Discontinued operations | | | | |
| Profit or loss from discontinued operations | | | | |
| **Net profit (loss) for the period** | **44,378** | | **47,054** | |
| **Attributable to:** | | | | |
| **Equity holders of the parent** | **44,296** | | **47,023** | |
| **Minority interests** | **82** | | 31 | |
| **Earnings per share (in €)** | **0.119** | | **0.127** | |
| **Diluted earnings per share (in €)** | **0.119** | | **0.126** | |

(1) The values have been recalculated following the application of the IAS 19 revised accounting principle, which involves, amongst other things, the changing of the principle for reporting accounting profits and losses with regard to the employee severance fund and pension funds. For more details please refer to paragraph 2.1 Accounting principles, amendments and interpretations applied from the 1 January 2012 within the "Explanatory Notes".

## Consolidated Balance Sheet

| *In thousands of euro* | At 30 September 2012 Total | At 30 September 2012 of which related Parties | At 31 December 2011 Total | At 31 December 2011 of which related Parties |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible fixed assets | 656,036 | | 649,420 | |
| Property, plant and equipment | 311,470 | | 274,871 | |
| Investment property | | | | |
| Equity investments | 6,032 | | 2,482 | |
| Other financial assets | 14,174 | | 11,836 | |
| Non current tax receivables | 1,164 | | 976 | |
| Deferred tax assets | 53,547 | | 55,726 | |
| Trade receivables | | | | |
| Other receivables | 13,481 | 403 | 15,165 | 405 |
| **Total non-current Assets** | **1,055,904** | | **1,010,476** | |
| **Assets held for sale** | | | | |
| **Current assets** | | | | |
| Trade receivables | 98,146 | 1,417 | 65,560 | 2.453 |
| Other receivables | 26,575 | 6,485 | 28,028 | 6,456 |
| Current tax receivables | 29,627 | | 27,245 | |
| Inventories | 253,635 | | 236,988 | |
| Other financial assets | 27,265 | | 0 | |
| Cash and cash equivalents | 122,154 | | 151,887 | |
| **Total Current Assets** | **557,402** | | **509,708** | |
| **TOTAL ASSETS** | **1,613,306** | | **1,520,184** | |

| In thousands of euro | At 30 September 2012 Total | of which related Parties | At 31 December 2011 Total | of which related Parties |
|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| Share capital and reserves attributable to equity holders of parent | 448,705 | | 445,036 | |
| Share capital and reserves attributable to minority interests | 1,279 | | 1,182 | |
| **Total shareholders' equity** | **449,984** | | **446,218** | |
| **Non-current liabilities** | | | | |
| Financial liabilities due after one year | 442,674 | 2,900 | 329,200 | 2,900 |
| Trade payables | 252 | | 235 | |
| Other non-current provisions | 12,419 | | 12,429 | |
| Deferred tax liabilities | 29,574 | | 32,735 | |
| Pension funds and employee benefits | 49,534 | | 46,603 | |
| Non-current tax payables | 605 | | 2,539 | |
| Other non-current payables | 5,126 | | 5,948 | |
| **Total non-current liabilities** | **540,184** | | **429,689** | |
| **Current liabilities** | | | | |
| Financial liabilities due within one year | 85,552 | | 170,261 | |
| Trade payables | 445,878 | 21,873 | 375,263 | 18,903 |
| Tax liabilities | 29,281 | | 20,920 | |
| Other current liabilities | 50,239 | 79 | 64,718 | 75 |
| Current portion of other non-current provisions | 12,188 | | 13,115 | |
| **Total current liabilities** | **623,138** | | **644,277** | |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **1,613,306** | | **1,520,184** | |