PIAGGIO &C.s.p.a.

PRESS INFORMATION

PRESS RELEASE

The Board of Directors approves the quarterly report at 30 September 2007

FIRST NINE MONTHS 2007

- **NET SALES € 1369.8 MLN (+6.5% YoY) GROWTH REPORTED ON ALL GROUP CORE BUSINESSES**
- **EBITDA € 200.4 MLN (+9.2%), EBITDA MARGIN 14.6%**
- **OPERATING PROFIT € 138.3 MLN (+16.7% YoY)**
- **NET PROFIT € 66.4 MLN AFTER TAX OF € 48.1 MLN (net profit first 9 months 2006 € 77.6 mln after tax of € 19.9 mln)**
- **NET DEBT DOWN TO € 259.5 MLN (net cash flow of € 58.5 million since 01.01.07)**
- **PRESENTATION OF ADJUSTMENT PLAN FOR NON-EU SUBSIDIARIES**

Milan, 5 November 2007 – 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 2007.

The Piaggio Group continued its positive performance in the third quarter of 2007, in both the two-wheeler business (net sales +6.1% YoY) and the light transport vehicle business (+7.1% YoY).
In the first nine months of 2007 the Group sold 569,300 vehicles, an improvement of +4.1% on the first 9 months of 2006, which included a non-recurring delivery of 24,300 scooters to the Italian Post Office.

Consolidated net sales in the first nine months of the year rose to € 1369.8 million, an improvement of 6.5% on € 1285.8 million in the year-earlier period. Revenues made significant progress in all the Group core businesses. Specifically, excluding the spares and accessories business, motorcycle net sales amounted to € 231.7 million (+12.2% YoY), scooter net sales to € 718.1 million (+3% YoY), while the light transport vehicles (LTV) business unit reported net sales of € 255.5 million (+7.6%

YoY), of which € 163.8 million by the Indian company PVPL, an improvement of 15.3% compared with the year to 30 September 2006. Net sales in spare parts and accessories continued to strengthen (€ 150.3 million, +12.4% YoY).

The **industrial gross margin** gained 2.3% to reach € 412.7 million, for a return on net sales of 30.1%.

Consolidated **EBITDA** in the first nine months rose to € 200.4 million, up 9.2% from € 183.5 million in the year-earlier period. The continuous YoY improvements in quarterly EBITDA in 2007 reflected on-going gains in operating efficiency. The EBITDA margin for the first nine months of 2007 was 14.6%, a YoY increase of 0.3 percentage points compared with the year to 30 September 2006.

Operating profit for the nine months was positive at € 138.3 million, an improvement of 16.7% over € 118.5 million in the year-earlier period. Profitability strengthened from the previous year (+0.9 percentage points), to reach 10.1% of net sales.

The Group posted a **net financial charge** of € 23.8 million (€ 21.0 million in the first nine months of 2006), of which € 11.3 million relating to the parent company bond issued in 2005.

Income tax for the first nine months amounted to € 48.1 million (€ 19.9 million for the year to 30 September 2006); this included an accounting adjustment of € 20.5 million to deferred tax assets provided in previous years.
Net profit for the year to 30 September 2007 was € 66.4 million (-14.5% on the result for the first nine months of 2006).

Net debt decreased to € 259.5 million, down from the figure at 30 June 2007 (€ 277.1 million) and at the end of 2006 (€ 318.0 million). The positive performance in cash flow from operating activities, which financed dividend payouts, own-share buybacks and investments, produced a net cash flow of € 58.8 million since the beginning of the year.

Shareholders' equity at 30 September 2007 was € 478.0 million, compared with € 438.7 million at 31 December 2006.

Significant events after 30 September 2007

On 9 October 2007 the project for the production of Vespa scooters for sale on the local market was inaugurated in Vietnam at a ceremony during which the Governor of the Province of Vinh Phuc, Nguyen Ngoc Phi, presented the manufacturing licence to the Group's top managers.

On 15 October, Tommaso Giocoladelli was named Chief Executive Officer and President of Moto Guzzi S.p.A., while Daniele Bandiera was confirmed as Moto Guzzi Chairman.

Outlook

The results for the first nine months of 2007 are in line with targets. Consequently, the Group is confident of continuing the growth and improvement programmes outlined in its 2007-2009 business plan and reaching the plan objectives.

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Pursuant to art. 18-*sexies* of the Regulation approved by Consob resolution no. 11768 of 23 December 1998 and subsequent amendments, in the quarterly report the parent company Piaggio & C. S.p.a. presents the adjustment plan adopted to guarantee the compliance of its non-European subsidiaries with art. 18-*ter* of said Regulation. Specifically, the plan sets out a system of internal controls to be implemented by the end of 2008, designed to ensure regular and constant management, equity and financial information flows.

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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PIAGGIO & C. s.p.a.

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PIAGGIO GROUP - CONSOLIDATED INCOME STATEMENT

Amounts in €/000		Note	1-1 / 30-9 2007	1-1 / 30-9 2006	Change
Net Sales		4	**1,369,800**	**1,285,772**	**84,028**
	of which vs related parties			*30*	(30)
Cost of materials		5	818,839	740,582	78,257
	of which vs related parties		*35,293*	*20,834*	*14,459*
Cost of services and use of third party assets		6	241,149	252,155	(11,006)
	of which vs related parties		*1,119*	*3,654*	*(2,727)*
	of which for non-recurring operations			*9,936*	*(9,936)*
Employee expenses		7	182,942	180,269	2,673
Depreciation tangible assets		8	29,940	29,782	158
Amortisation intangible assets		8	32,185	35,218	(3,033)
Other operating income		9	95,415	91,381	4,034
	of which vs related parties		*3,285*	*1,698*	1,568
Other operating expense		10	21,897	20,669	1,228
	of which vs related parties		*82*	*77*	5
Operating profit			**138,263**	**118,478**	**19,785**
Share of result of associates			2	(3)	5
Finance income		11	10,456	8,529	1,927
Finance expense		11	(34,261)	(29,520)	(4,741)
	of which vs related parties			*(70)*	*70*
Profit before tax			**114,460**	**97,484**	**16,976**
Income tax expense		12	48,074	19,865	28,209
Result from on-going operations			**66,386**	**77,619**	**(11,233)**
Discontinued operations:					
Profit or loss from discontinued operations		13	**0**	**0**	**0**
Consolidated net profit			**66,386**	**77,619**	**(11,233)**
Attributable to:					
Equity holders of the parent			**66,046**	**77,172**	**(11,126)**
Minority interests			**340**	**447**	**(107)**
Earnings per share (in €)		14	**0.17**	**0.21**	**(0.04)**
Diluted earnings per share (in €)		14	**0.16**	**0.19**	**(0.03)**

BALANCE SHEET

Amounts in €/000	Note	At 30 September 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	15	636,027	630,316	5,711
Property, plant and equipment	16	249,631	256,966	(7,335)
Investment property	17			0
Equity investments	18	725	754	(29)
Other financial assets	19	544	240	304
of which vs related parties		*58*	*63*	*(5)*
Non-current tax receivables	20	7,566	7,716	(150)
Deferred tax assets	21	26,305	46,742	(20,437)
Trade receivables	22		174	(174)
Other receivables	23	5,690	6,402	(712)
of which vs related parties		*872*	*803*	*69*
Total Non-current assets		**926,488**	**949,310**	**(22,822)**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	232,027	137,187	94,840
of which vs related parties		*1,100*	*1,106*	*(6)*
Other receivables	23	24,019	33,417	(9,398)
of which vs related parties		*164*	*3,579*	*(3,415)*
Current tax receivables	20	15,532	35,383	(19,851)
Inventories	24	245,257	233,306	11,951
Other financial assets	25	8,961	11,866	(2,905)
of which vs related parties		*35*	*30*	*5*
Cash and cash equivalents	26	113,625	68,857	44,768
Total Current assets		**639,421**	**520,016**	**119,405**
TOTAL ASSETS		**1,565,909**	**1,469,326**	**96,583**

Amounts in €/000	Note	At 30 September 2007	At 31 December 2006	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	28	477,061	438,091	38,970
Share capital and reserves attributable to minority interests	28	950	607	343
Total shareholders' equity		**478,011**	**438,698**	**39,313**
Non-current liabilities				
Borrowings due after one year	29	334,953	355,935	(20,982)
of which vs related parties				*0*
Trade payables	30		0	0
Pension funds and employee benefits	33	65,528	78,148	(12,620)
Other non-current provisions	31	17,997	21,906	(3,909)
Non-current tax payables	34	460	188	272
Other long-term payables	35	8,092	17,499	(9,407)
Deferred tax liabilities	32	39,075	34,822	4,253
Total Non-current liabilities		**466,105**	**508,498**	**(42,393)**
Current liabilities				
Borrowings due within one year	29	47,084	42,794	4,290
Trade payables	30	451,856	394,709	57,147
of which vs related parties		*5,386*	*10,225*	*(4,839)*
Tax liabilities	34	22,764	15,375	7,389
Other current liabilities	35	76,650	52,370	24,280
of which vs related parties		*233*	*156*	*77*
Current portion of other non-current provisions	31	23,439	16,882	6,557
Total current liabilities		**621,793**	**522,130**	**99,663**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,565,909**	**1,469,326**	**96,583**

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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), Staff 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: staff 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 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,

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

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 financial liabilities, Short-term financial liabilities less Short-term financial assets and less cash and cash equivalents.