PRESS RELEASE

Meeting of the Board of Directors

PIAGGIO GROUP APPROVES 2007 DRAFT FINANCIAL STATEMENTS

- **NET SALES € 1,692.1 MLN (+5.3% YoY)**
- **EBITDA € 226.1 MLN, 13.4% OF NET SALES (+10.8% YoY)**
- **OPERATING PROFIT € 136.6 MLN (+19.6% YoY)**
- **PROFIT BEFORE TAX €103.5 MLN (+17.3% YoY)**
- **NET PROFIT € 60 MLN AFTER TAX OF € 43.5 MLN (2006 net profit € 70.3 MLN after tax of € 17.9 MLN)**
- **NET DEBT DOWN TO € 269.8 MLN FROM € 318 MLN AT THE END OF 2006**

- **PIAGGIO & C. S.p.A.: NET PROFIT € 64.5 MLN, PROPOSED DIVIDEND OF € 0.06 PER SHARE**

Milan, 7 March 2008 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the 2007 draft financial statements to be presented to the Shareholders' Meeting convened for 28 April and 7 May on first and second call respectively.

During 2007 the Piaggio Group strengthened the enhancement of all its brands by launching new scooters and motorcycles—including the first Aprilia 750cc and 850cc motorcycles with engines designed and produced entirely by the Group—and maintained its focus on technological innovation, developing environment-friendly engines with low emissions and fuel consumption. It reported growth in all lines of business over the year.
The Group also laid the bases for a decisive new phase of expansion in its international industrial and commercial operations.
In this connection, with a view to boosting the Group's position in Asia, towards the end of 2007 construction work began in Vietnam on the new Vespa production plant, which expects to begin production at the end of 2009, and in India on a new facility in Baramati where the subsidiary Piaggio Vehicles Private Limited ("PVPL") operates, to begin production of diesel engines at the end of 2009.

In 2007 the Piaggio Group reported worldwide sales of 708,500 vehicles (scooters, motorcycles and three/four-wheel commercial vehicles), an improvement of 4.1% over 680,700 vehicles in 2006.

Specifically, Vespa sales in 2007 topped production of 117,000 units (+17.1% from 2006), another confirmation of the brand's international success; Gilera and Derbi gained 12.2% and 7.1% respectively, while Aprilia sales volumes grew by 5.8%, largely as a result of strong performance in motorcycles (+26.6%). Moto Guzzi sales slackened especially in the second half on the Italian market.

In India the growth of the commercial vehicles business continued, assisted by the production and marketing start-up of the first four-wheeler; vehicle sales volumes rose by 10.7%, totalling 154,400 vehicles.
In China, the Piaggio Zongshen Foshan Motorcycle joint venture, which is not included in the Group's consolidated results, produced more than 209,000 vehicles in 2007 (more than 57,000 with Piaggio technology).

In 2007, Group **consolidated net sales** amounted to € 1,692.1 million, up 5.3% from 2006.
Net of spares and accessories, the **two-wheeler business** reported YoY revenue growth thanks to strong performance in scooters, which gained 2.4% for turnover of € 854.1 million, and above all in motorcycles, where net sales progressed by 6.5% to € 277.9 million.
Net of spares and accessories, the **commercial vehicles business** had revenues of € 343.8 million (+7.0% YoY), including € 223.9 million on the Indian market, which gained 15.4% over 2006.
Net sales in **spares and accessories** amounted to € 195.2 million (+10.7% on 2006).

The **industrial gross margin** was € 498.4 million, up by 3.2% from 2006, with a return on net sales of 29.5% (30.1% in 2006).

Consolidated EBITDA was € 226.1 million, an improvement of 10.8% from € 204.0 million in 2006. The 2007 EBITDA margin was 13.4%, up from 12.7% in 2006.

2007 **operating profit**, after depreciation and amortisation of € 89.5 million, amounted to € 136.6 million, an increase of 19.6% on € 114.2 million in 2006. Profitability improved from 2006, with a return on net sales of 8.1% (7.1% in 2006).

The Group posted a **net financial charge** of € 33.0 million (€ 26.0 million in 2006). The increase was due almost entirely to the impact of IAS-compliant discounting of employment severance entitlements, while the rise in market interest rates in 2007 was countered for the most part by the reduction in net debt.

Profit before tax was € 103.5 million, up by 17.3% from 2006.

Financial year 2007 closed with a consolidated **net profit** of € 60.0 million (gross of minority interests for € 0.4 million), compared with a net profit of € 70.3 million in 2006. **Income tax** amounted to € 43.5 million (€ 17.9 million in 2006), of which € 17.3 million for recognition in 2007 of a portion of the deferred tax assets posted by the Parent Company in prior reporting periods, in accordance with IAS 12.

Net debt at 31 December 2007 was € 269.8 million, down from € 318 million at 31 December 2006. The reduction of € 48.2 million reflected positive operating cash flow performance, which financed investments for € 91.7 million, the buy-back of 7,340,000 own shares under the 2007-2009 incentives plan and dividend payouts.

Shareholders' equity at 31 December 2007 totalled € 471.4 million, compared with € 438.7 million at 31 December 2006.

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Events after 31 December 2007

On 1 January 2008, the Group formed the new Commercial Vehicles Division to manage its worldwide industrial and marketing operations in the light transport vehicles business (Ape, Porter and Quargo product ranges).

On 22 January 2008 the Group illustrated its strategic guidelines for expansion in Asia, in particular:

- an industrial cooperation agreement with Daihatsu for the supply of 1,300cc petrol engines and transmissions for vehicles in the current Porter range, and development of further cooperation for Daihatsu to supply parts, components and assemblies for the new vehicles in the Porter and Quargo ranges equipped with the new diesel and turbodiesel engines to be manufactured in India by the PVPL subsidiary;
- an 8-year industrial cooperation agreement with Greaves, which, at constant prices, is to supply PVPL with the GL 400 BSII monocylinder diesel engine until 2009 and the new G 435 BSIII monocylinder diesel engine as from 2010, when the Bharat III emissions laws come into force in India.

Outlook

During 2008 the Piaggio Group will focus on continuous improvement of competitiveness in all lines of business and markets.
Quality, product cost and productivity will be the drivers for 2008, with management taking action to boost three/four-wheel commercial vehicle sales in India and re-launch the three/four-wheel commercial vehicle business in Europe with the formation of the Commercial Vehicles Division. Other priorities will be the re-launch of Moto Guzzi and consolidation of the scooter sector in Europe and America.
With the completion of the Aprilia motorcycle range, the Group intends to improve its positioning in this segment and simultaneously build its international market presence.
The investment plan will target development of new vehicles, hybrid engines and construction of the new facilities in Vietnam and India.

Piaggio & C. S.p.A.
The Parent Company posted net sales of € 1,330.1 million, positive EBITDA of € 177.1 million, operating profit of € 105.5 million and a net profit of € 64.5 million.
Given this result, the Board of Directors will ask the shareholders to approve payment of a dividend of € 0.06 per share, including the amount attributable to own shares pursuant to art. 2357-ter of the Italian Civil Code, for a total payout of € 23,322,054.48. Coupon tear-off will be on 19 May 2008, with payment on 22 May 2008.

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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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PIAGGIO GROUP – CONSOLIDATED SCHEDULES
INCOME STATEMENT

In thousands of euro	Note	2007	2006	Change
Net sales	4	**1,692,126**	**1,607,412**	**84,714**
of which vs related parties		*1*	*30*	(29)
Cost of materials	5	1,020,442	946,528	73,914
of which vs related parties		*51,202*	*35,610*	*15,592*
Cost of services and use of third-party assets	6	303,560	323,073	(19,513)
of which vs related parties		*1,394*	*4,659*	*(3,265)*
of which for non-recurring operations			*10,276*	*(10,276)*
Employee expenses	7	237,754	236,168	1,586
Depreciation property, plant and equipment	8	39,802	40,225	(423)
Amortisation intangible assets	8	49,724	49,557	167
Other operating income	9	127,487	128,741	(1,254)
of which vs related parties		*4,417*	*1,762*	2,655
Other operating expense	10	31,754	26,378	5,376
of which vs related parties		*14*	*36*	(22)
Operating profit		**136,577**	**114,224**	**22,353**
Share of result of associates		79	(17)	96
Finance income	11	17,552	15,476	2,076
Finance expense	11	(50,679)	(41,445)	(9,234)
of which vs related parties			*0*	*0*
Profit before tax		**103,529**	**88,238**	**15,291**
Income tax expense	12	43,527	17,893	25,634
Result from on-going operations		**60,002**	**70,345**	**(10,343)**
Discontinued operations:				
Profit or loss from discontinued operations	13		**0**	**0**
Consolidated net profit		**60,002**	**70,345**	**(10,343)**
Attributable to:				
Equity holders of the parent		**59,561**	**69,976**	**(10,415)**
Minority interests		**441**	**369**	**72**
Earnings per share (in €)	14	**0.15**	**0.18**	**(0.03)**
Diluted earnings per share (in €)	14	**0.14**	**0.17**	**(0.01)**

BALANCE SHEET

In thousands of euro	Note	At 31 December 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	15	637,535	630,316	7,219
Property, plant and equipment	16	248,595	256,966	(8,371)
Investment property	17			0
Equity investments	18	725	754	(29)
Other financial assets	19	235	240	(5)
of which vs related parties			*63*	*(63)*
Non-current tax receivables	20	7,821	7,716	105
Deferred tax assets	21	33,532	46,742	(13,210)
Trade receivables	22	0	174	(174)
Other receivables	23	8,877	6,402	2,475
of which vs related parties		*830*	*803*	*27*
Total non-current assets		**937,320**	**949,310**	**(11,990)**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	121,412	137,187	(15,775)
of which vs related parties		*1,122*	*1,106*	*16*
Other receivables	23	20,345	33,417	(13,072)
of which vs related parties		*1,562*	*3,579*	*(2,017)*
Current tax receivables	20	19,621	35,383	(15,762)
Inventories	24	225,529	233,306	(7,777)
Other financial assets	25	18,418	11,866	6,552
of which vs related parties		*58*	*30*	*28*
Cash and cash equivalents	26	101,334	68,857	32,477
Total current assets		**506,659**	**520,016**	**(13,357)**
TOTAL ASSETS		**1,443,979**	**1,469,326**	**(25,347)**

In thousands of euro	Note	At 31 December 2007	At 31 December 2006	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	28	470,397	438,091	32,306
Share capital and reserves attributable to minority interests	28	1,050	607	443
Total shareholders' equity		**471,447**	**438,698**	**32,749**
Non-current liabilities				
Borrowings due after one year	29	322,921	355,935	(33,014)
of which vs related parties				*0*
Trade payables	30		0	0
Pension funds and employee benefits	33	62,204	78,148	(15,944)
Other non-current provisions	31	19,969	21,906	(1,937)
Non-current tax payables	34		188	(188)
Other long-term payables	35	20,746	17,499	3,247
Deferred tax liabilities	32	39,087	34,822	4,265
Total non-current liabilities		**464,927**	**508,498**	**(43,571)**
Current liabilities				
Borrowings due within one year	29	66,614	42,794	23,820
Trade payables	30	347,460	394,709	(47,249)
of which vs related parties		*4,781*	*10,225*	*(5,444)*
Tax liabilities	34	9,683	15,375	(5,692)
Other current liabilities	35	59,662	52,370	7,292
of which vs related parties		*180*	*156*	*24*
Current portion of other non-current provisions	31	23,759	16,882	6,877
Total current liabilities		**507,178**	**522,130**	**(14,952)**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,443,979**	**1,469,326**	**(25,347))**

PIAGGIO & C.s.p.a.

PRESS INFORMATION

PIAGGIO & C. S.p.A.
INCOME STATEMENT

In thousands of euro	Note	2007	2006	Change
Net sales	4	**1,330,127**	**1,216,161**	**113,966**
Of which vs related parties			*422,758*	*-422,758*
Cost of materials	5	750,134	703,335	46,799
Of which vs related parties			*72,705*	*-72,705*
Cost of services and use of third-party assets	6	272,480	245,192	27,288
Of which vs related parties			*19,811*	*-19,811*
Of which for non-recurring operations		*0*	*10,231*	*-10,231*
Employee expenses	7	182,643	186,352	-3,709
Of which vs related parties			*39*	*-39*
Of which for non-recurring operations		*0*	*0*	*0*
Depreciation property, plant and equipment	8	31,132	31,990	-858
Amortisation intangible assets	8	40,462	37,994	2,468
Other operating income	9	75,368	79,121	-3,753
Of which vs related parties			*11,790*	*-11,790*
Of which for non-recurring operations			*0*	*0*
Other operating expense	10	23,113	18,779	4,334
Of which vs related parties			*36*	*-36*
Operating profit		**105,531**	**71,640**	**33,891**
Share of result of associates	11	13,100	19,640	-6,540
Finance income	12	20,988	15,534	5,454
Of which vs related parties			*2,217*	*-2,217*
Finance expense	12	48,417	39,028	9,389
Of which vs related parties			*17,257*	*-17,257*
Profit before tax		**91,202**	**67,786**	**23,416**
Income tax expense	13	26,732	-3,220	29,952
Result from on-going operations		**64.470**	**71,006**	**-6,536**
Discontinued operations:				
Profit or loss from discontinued operations	14	0		
Net profit		**64,470**	**71,006**	**-6,536**

	Note		
Earnings per share (in €)	15	**0.19**	
Diluted earnings per share (in €)	15	**0.17**	

BALANCE SHEET

In thousands of euro	Note	At 31 December 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	16	484,744	479,804	4,940
Property, plant and equipment	17	179,282	188,911	-9,629
Investment property	18	0	0	0
Equity investments	19	100,012	92,797	7,215
Other financial assets	20	24,225	27,730	-3,505
Of which vs related parties			*27,563*	*-27,563*
Non-current tax receivables	21	7,425	7,089	336
Deferred tax assets	22	16,206	29,996	-13,790
Trade and other receivables	23	2,664	4,393	-1,729
Of which vs related parties		*390*	*363*	*27*
Total non-current assets		**814,559**	**830,720**	**-16,161**
Assets held for sale	28		**0**	
Current assets				
Trade and other receivables	24	181,858	217,529	-35,671
Of which vs related parties			*120,708*	-120,708
Current tax receivables	21	2,596	25,013	-22,417
Inventories	25	154,004	171,585	-17,581
Other financial assets	26	13,832	32,763	-18,931
Of which vs related parties		*13,396*	*32,332*	-18,936
Cash and cash equivalents	27	87,307	35,654	51,653
Total current assets		**439,596**	**482,544**	**-42,948**
TOTAL ASSETS		**1,254,155**	**1,313,264**	**-59,511**

PIAGGIO &C. s.p.a.

PRESS INFORMATION

In thousands of euro	Note	At 31 December 2007	At 31 December 2006	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	29	202,124	203,170	-1,046
Share premium reserve	29	3,493	32,961	-29,468
Legal reserve	29	4,273	723	3,550
Other reserves	29	82,547	76,710	5,837
Retained earnings (Accumulated losses)	29	32,562	-34,707	67,269
Profit (Loss) for the period	29	64,470	71,006	-6,536
Total shareholders' equity		**389,469**	**349,863**	**39,606**
Non-current liabilities				
Borrowings due after one year	30	313,421	345,775	-32,354
Of which vs related parties		*145,374*	*144,624*	*750*
Trade and other non-current payables	31	13,712	14,876	-1,164
Employee pension funds and benefits	34	57,575	72,750	-15,175
Other non-current provisions	32	25,510	20,936	4,574
Deferred tax liabilities	33	30,042	26,963	3,079
Total non-current liabilities		**440,260**	**481,300**	**-41,040**
Current liabilities				
Borrowings due within one year	30	55,937	21,740	34,197
Of which vs related parties			*508*	*-508*
Trade payables	31	286,349	332,530	-46,181
Of which vs related parties			*28,955*	*-28,955*
Tax liabilities	35	6,445	8,385	-1,940
Other current liabilities	36	63,574	108,519	-44,945
Of which vs related parties			*70,628*	-70,628
Current portion of other non-current provisions	32	12,121	10,927	1,194
Total current liabilities		**424,426**	**482,101**	**-57,675**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,254,155**	**1,313,264**	**-59,111**

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,

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