PRESS RELEASE

PIAGGIO GROUP: FIRST HALF 2013

Consolidated net sales € 671.5 million (€ 764.1 mln in H1 2012)

Ebitda € 100.6 million (€ 114.4 mln in H1 2012)
Ebitda margin 15.0% (identical to H1 2012)

Gross industrial margin € 207.3 mln (€ 236.3 mln in H1 2012)
30.9% in relation to net sales (identical to H1 2012)

Ebit € 57.6 million (€ 71.7 mln in H1 2012)

Net profit € 25.0 million (€ 33.8 mln in H1 2012)

Net debt € 458.2 million

The Piaggio Group maintains leadership of European two-wheeler market, with an overall share of 17% and a 26.6% share in scooters

Share of more than 22.5% on North American scooter market

Stronger positioning in premium segment of Vietnamese market, laying foundation for future growth in other Asian countries

30.9% growth in global Vespa sales in first half of 2013, with more than 105,500 shipments, against approximately 80,600 in the first half of 2012

11.2% growth for Moto Guzzi, bucking the trend on the Western motorcycle market

Mantua, 26 July 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 half-year report at 30 June 2013.

In the first six months of 2013, the **European two-wheeler sector** recorded a decline of 16% (-20% in scooters and -8% in motorcycles); these trends were aggravated by the long period of bad weather in most European countries. In the **Asia-Pacific** region, two-wheeler demand was flat. Growth was reported in **India**, with an 8.8% improvement on the scooter market in the first half of 2013, and an increase of 1.4% in three-wheel commercial vehicles, while in **Europe** light commercial vehicles were down 6.6% from the first half of 2012.

Despite the extraordinary complexity of this scenario, in the first half of 2013 the Piaggio Group kept its **leadership position on the European two-wheeler market** with an overall share of 17% and a 26.6% share in the scooter segment. On the **North American scooter market**, it maintained its position as **benchmark constructor**, with a share of more than 22.5%. Thanks to production in the Vinh Phuc factory, the Piaggio Group strengthened its position in the **premium segment of the Vietnamese market**, also laying the foundation for future growth in the other countries of the Asian region.

In part thanks to the Group's expansion on the Indian scooter market, **Vespa global sales** in the first half of 2013 grew by 30.9% to more than 105,500 shipments, compared with approximately 80,600 in the year-earlier period. Significant **growth** was also reported for the **Moto Guzzi brand**, which bucked the motorcycle market downturn in Western countries to achieve growth of 11.2% in the first half of 2013.

Constant control of costs and productivity also enabled the Group to maintain positive **profit margins**, with returns on revenue identical to those of the first half of 2012, without slowing its **strategies for global expansion** based on brand and premium price policies, leadership consolidation on the Western markets and growth on the main emerging markets.

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Group consolidated net sales in the first half of 2013 amounted to 671.5 million euro, compared with 764.1 million euro in the first half of 2012.

In the first six months of 2013 the Piaggio Group shipped **298,500 vehicles** worldwide (two-wheelers and commercial vehicles), with a volume downturn of 5.4% from the first half of 2012, stemming from a variety of situations, including the contraction in two-wheeler sales in Europe mentioned above, a slight reduction in scooter volumes in Asia Pacific and the growth of Vespa sales in India, accompanied by excellent results reported by the Group on the North American market (+12.9% in volumes). The decline in **commercial vehicle** sales was largely due to performance on the Italian market which, overall, saw a decrease of 23.5% in the first half. On the Indian three-wheeler market, Piaggio Vehicles Private Ltd. (PVPL) confirmed its position as the main market player, with a share of 34.1%, and achieved growing benefits from the availability of the new Apé City Passenger model launched at the end of 2012.

The **industrial gross margin** for the period was 207.3 million euro, compared with 236.3 million in the first half of 2012, while the **net sales margin** was 30.9%, identical to the figure for the first half of 2012.

Operating expense in the first half of 2013 was 149.8 million euro, a decrease of approximately 14.8 million euro from the year-earlier period, confirming the strong Group focus on cutting costs and keeping high levels of profitability and productivity.

Consolidated **Ebitda** in the first half of 2013 was 100.6 million euro, compared with 114.4 million euro in the first half of 2012; the **Ebitda margin** was 15.0%, identical to the figure in the first six months of 2012 thanks to significant cost efficiencies achieved during the period.

Ebit in the first six months of 2013 was 57.6 million euro, compared with 71.7 million euro in the year-earlier period. The Ebit margin was slightly down at 8.6%, compared with 9.4% in the first half of 2012.

For the first half of 2013 the Piaggio Group reported **profit before tax** of 41.6 million euro, compared with 56.3 million euro in the year-earlier period.

The first half of 2013 closed with a **net profit** of 25.0 million euro, compared with 33.8 million euro in the first half of 2012.

Net debt at 30 June 2013 was 458.2 million euro. Compared to the figure at 31 December 2012, the increase of 66.3 million euro was due to the typical seasonal nature of the two-wheeler business, which absorbs financial resources in the first half of the year. The Group maintained a robust debt profile, with average maturity in the order of 2.6 years and strong liquidity back-up.

Shareholders' equity at 30 June 2013 amounted to 429.2 million euro, a decrease of approximately 10.7 million euro from 31 December 2012.

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Significant events in the first half of 2013

In February, in order to rationalise its manufacturing operations, Piaggio decided to move production of Derbi branded vehicles to Italy, gradually closing the Nacional Motor factory in Martorelles, Spain, and transferring the production activities conducted there to its Italian factories. On 15 February 2013, Nacional Motor presented an application for the "E.R.E." procedure (*Expediente de Regulacion de Empleo*), which involved the provision of leaving incentives for almost all employees, under the terms of agreements signed with the unions in 2009, 2011 and 2012. Specifically the agreements of July 2012 set out the procedures and considerations to be recognised to employees in the event of termination of production operations. Under the E.R.E. procedure, the Piaggio Group is to sustain restructuring expense estimated at approximately 6 million euro, which, in compliance with IAS 37, is attributable to 2013 income and has already impacted on profit for the first half. In March 2013 the Spanish company Nacional Motor terminated all operations and fully activated the E.R.E. procedure agreed with the government and the unions. Employment contracts are being terminated; the disposal program will be completed by 31 December 2013.

At 30 June 2013 production of Derbi vehicles had been transferred to the Italian factories. The carrying amount of the property, plant and equipment of the Nacional Motor company recognised in the consolidated half-year financial statements has been confirmed by an independent appraisal.

On 9 April 2013 the Aprilia Caponord 1200 enduro road bike was presented to the international press. The new motorcycle features exclusive patented technological content such as the Aprilia ADD semi-active suspension system, which automatically adjusts regulation according to the road surface and driver style.

On 24 April 2013, the National Hospital for Paediatrics in Hanoi and the Bambino Gesù Children's Hospital in Rome launched a cooperation project to assist more than two thousand Vietnamese children aged between 0 and 18, developed with the help of Piaggio Vietnam; the project is the first initiative in the new program of social activities, "Vespa for Children", announced by the Piaggio Group at the project launch.

On 15 May 2013, the new Vespa 946, the most luxurious and technologically advanced scooter ever, was made available for booking in the 2013 Collection on the new global Vespa.com portal.

On 14 June 2013 the Moody's rating agency lowered the Piaggio rating from Ba2 to Ba3, with a stable outlook.

On 20 June 2013, in Mumbai the Piaggio Group presented the new Vespa VX, produced in India at its Baramati factory, and announced an important program for the expansion of the Vespa range on the Indian market. Developed specifically for India, the Vespa VX is an evolution of the Vespa LX and joins the Vespa model currently marketed in India, offering enhanced content in terms of comfort, new design elements and a new braking system with a front disk brake. The new VX is fitted with the 125cc 4-stroke 3-valve engine developed by the Piaggio Group expressly for the Indian two-wheeler market: a particularly silent and eco-friendly engine, with a significant reduction in acoustic and exhaust emissions and exceptionally low fuel consumption levels, among the best in the world, with a capacity of more than 60 km on a litre of petrol. The Piaggio Group scooter offer for the Indian market will be further expanded later this year, with the production start-up in Baramati of the new Vespa S. Piaggio Vehicles Private Ltd. (PVPL), the wholly owned Indian subsidiary, is also preparing to launch the Vespa 946, the extraordinary scooter that made its debut on the European markets at the beginning of June.

On 27 June 2013, the *Tribunal de Grande Instance* in Paris recognised Piaggio copyright on the external form of the Vespa and ordered the destruction of 49 scooters exhibited at the *Salon de Moto et du Scooter* in Paris, which were found to have clearly infringed Piaggio copyright. The company responsible for the violation was ordered to pay legal costs.

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Outlook

Despite the slowdown in growth at global level, and among the Western economies in particular, the Group is committed to maintaining the direction outlined in the Business Plan presented in December 2011.

It therefore confirms both its commitment to 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 region 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 by further strengthening its product range and boosting 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 the 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.

In light of the continuing difficulties in the general economic situation, by the end of the year the company will present a new 2014-2018 Business Plan, before the expiry of the previous 2011-2014 Plan.

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Vespa for Children project

The Piaggio Board of Directors approved procedures for the development of the "Vespa for Children" charitable project, set up for humanitarian purposes to develop healthcare and social welfare initiatives for children in the world's poorest regions and in the developing countries. Piaggio intends to devolve funds to the project for an amount equivalent to not less than 1% of the net profit of the previous year. A committee has been formed to assess future charitable initiatives and coordinate operations on the Vespa for Children project. The Vespa for Children project was announced for the first time on 24 April 2013, at the inauguration of cooperation between the National Hospital for Paediatrics in Hanoi and the Bambino Gesù Children's Hospital in Rome, to treat more than two thousand Vietnamese children between the ages of 0 and 18, thanks to the contribution of Piaggio Vietnam.

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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 & C. s.p.a.

Consolidated Income Statement

	H1 2013		H1 2012	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
Net sales	**671,549**	**32**	**764,076**	
Cost of materials	386,266	13,991	443,299	19,626
Cost of services and use of third-party assets	107,393	2,020	131,312	2,014
Employee expenses	116,202		119,493	
Depreciation property, plant and equipment	19,945		18,444	
Amortisation intangible assets	23,084		24,292	
Other operating income	49,385	438	54,864	91
Other operating expense	10,479	7	10,424	
EBIT	**57,565**		**71,676**	
Share of result of associates	1,146		2,556	
Finance income	1,082		1,153	
Finance expense	17,513	102	19,382	186
Net exchange-rate gains/(losses)	(680)		329	
Profit before tax	**41,600**		**56,332**	
Income tax	16,640		22,540	
Result from continuing operations	**24,960**		**33,792**	
Discontinued operations:				
Profit or loss from discontinued operations				
Net profit (loss) for the period	**24,960**		**33,792**	
Attributable to:				
Equity holders of the parent	**24,918**		**33,734**	
Minority interests	**42**		**58**	
Earnings per share (in €)	**0.069**		**0.093**	
Diluted earnings per share (in €)	**0.069**		**0.093**	

Consolidated Statement of Financial Position

	At 30 June 2013		At 31 December 2012	
	Total	*of which related parties*	Total	*of which related parties*
In thousands of euro				
ASSETS				
Non-current assets				
Intangible assets	657,028		660,968	
Property, plant and equipment	317,076		321,015	
Investment property				
Equity investments	7,049		6,049	
Other financial assets	12,064		13,047	
Non-current tax receivables	5,648		1,195	
Deferred tax assets	36,829		36,714	
Trade receivables	28		28	
Other receivables	13,578	231	13,781	372
Total non-current assets	**1,049,300**		**1,052,797**	
Assets held for sale				
Current assets				
Trade receivables	126,365	884	63,079	946
Other receivables	27,214	6,887	37,301	6,610
Current tax receivables	22,192		18,592	
Inventories	256,992		221,086	
Other financial assets			1,260	
Cash and cash equivalents	101,881		86,110	
Total current assets	**534,644**		**427,428**	
TOTAL ASSETS	**1,583,944**		**1,480,225**	

PIAGGIO & C. s.p.a.

In thousands of euro	At 30 June 2013 Total	At 30 June 2013 of which related parties	At 31 December 2012 Total	At 31 December 2012 of which related parties
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	428,221		438,628	
Share capital and reserves attributable to minority interests	943		1,245	
Total shareholders' equity	**429,164**		**439,873**	
Non-current liabilities				
Borrowings due after one year	424,379	2,900	376,574	2,900
Trade payables	268		259	
Other non-current provisions	12,202		12,352	
Deferred tax liabilities	8,639		6,639	
Pension funds and employee benefits	49,752		50,470	
Non-current tax payables	232		555	
Other non-current payables	4,755		6,423	
Total non-current liabilities	**500,227**		**453,272**	
Current liabilities				
Borrowings due within one year	146,948		115,042	
Trade payables	424,957	15,853	392,893	17,382
Tax liabilities	20,078		15,757	
Other current liabilities	50,651	451	50,345	187
Current portion of other non-current provisions	11,919		13,043	
Total current liabilities	**654,553**		**587,080**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,583,944**		**1,480,225**	