PIAGGIO & C. s.p.a.

PRESS RELEASE

PIAGGIO: FIRST HALF 2014

Consolidated net sales 629.0 million euro from 671.5 mln in H1 2013
(H1 2014 net sales 655.4 million euro at constant exchange rates)

Ebitda 94 million euro (100.6 mln in H1 2013)
Ebitda margin 15.0% (identical to H1 2013)

Industrial gross margin 194.4 million euro (207.3 mln in H1 2013)
Net sales margin 30.9% (identical to H1 2013)

Ebit 51.1 million euro (57.6 mln in H1 2013)

Net profit 16.5 million euro (25.0 mln in H1 2013)
Adjusted net profit (*) 18.3 million euro (25.0 mln in H1 2013)
(*) net of non-recurring expense from early redemption of bond originally maturing in 2016

Net financial position -472.3 million euro

Positive cash flows of 3.3 million euro (outflows of 66.3 million euro in H1 2013)

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The Piaggio Group maintains leadership of European two-wheeler market, with an overall share of 15.5% and a 25.4% share in scooters.
Success of new Vespa models and the Piaggio Mp3

In India, overall 32.8% share of three-wheel commercial vehicle market and 52.6% share of cargo segment. 84% growth in exports of light commercial vehicles from the Indian production hub

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Mantua, 28 July 2014 – 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 2014.

Piaggio Group half-year performance was positive. The measures taken to control costs and productivity kept the key profit margins at the same levels as the first half of 2013, without slowing penetration of global markets and brand and premium pricing policies.

In the two-wheeler sector, the domestic European market saw a significant slowdown in the recovery that emerged in the first quarter of the year.
Year-on-year growth of sales volumes in January-June 2014 was 4% (compared with +13% in the January-March 2014 quarter). This reflected growth in motorcycle sales, accompanied by scooter sales volumes on a level with the first half of 2013 due to a downturn in the 50cc scooter segment (-8% from the first half of 2013).

The overall two-wheeler trend slackened slightly in the Asia-Pacific region (Asean 5 area), reflecting a variety of situations: a net increase in the weight of the Indonesian market, accompanied by sharp downturns in demand in Vietnam (market decline of 9% from the first half of 2013) and Thailand, where demand showed a double-digit decrease.

On the North American market, overall growth of 3.2% from the first half of 2013 was accompanied by a decline on the scooter market (-2%, with fewer than 20,000 scooters sold overall in North America from January to June 2014).

In light transport, there was a strong improvement in the trend on the Indian three-wheel commercial vehicle market, with double-digit growth in the second quarter (year-on-year increases of 12% in May and 23% in June), which offset the sharp decline of the first quarter of the year and kept the decrease in the first six months at 3.5%.

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Group consolidated net sales in the first half of 2014 totalled 629.0 million euro, against 671.5 million euro in the first half of 2013.

As in the second half of 2013 and the first quarter of 2014, the depreciation of the Indian rupee (and to a lesser extent, the Vietnamese dong, the Indonesian rupee and the US dollar) had a particularly negative impact of -26.4 million euro on net sales. Net of this effect, 2014 first-half net sales would have amounted to 655.4 million euro, with a year-on-year reduction of just 2% (rather than 6.3%).

In the first six months of 2014, the Piaggio Group shipped 278,500 vehicles worldwide, compared with 298,500 in the first half of 2013.

In the first half of 2014, the Piaggio Group maintained its leadership position on the European two-wheeler market, with an overall share of 15.5% and a 25.4% share of the scooter segment. It maintained its position as reference constructor on the North American scooter market with a 21.3% share.

The first half saw important sales growth for the Vespa brand and the Piaggio Mp3 three-wheel scooter, assisted by the launch of the new Primavera and Sprint models and the new versions of the Mp3 and the Vespa GTS. On Western markets, 49,446 Vespa scooters were sold in the first six months of 2014, up from 46,531 in the first half of 2013 (+6.3%). Piaggio Mp3 worldwide sales amounted to 8,070 units in the first six months of 2014 (+9.9% from the year-earlier period).

In commercial vehicles, the Piaggio Group reported a small increase in worldwide shipments (from 96,500 to 97,400, +0.9%). In India, Piaggio Vehicles Private Ltd. had an overall 32.8% share of the three-wheel commercial vehicle market, with a 52.6% share of the cargo segment. Group performance was strong on the Indian market for four-wheel vehicles under 2 mt, with more than 3,300 vehicles sold in the first six months (approximately double the figure in the year-earlier period), and a market share rising from 1.5% to 4.8%.

The Group also confirmed constant growth in light commercial vehicle exports from the Indian production hub, with 12,300 shipments in the first half of 2014, an increase of 84% from the first six months of 2013.

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The industrial gross margin for the first half of 2014 was 194.4 million euro, against 207.3 million euro in the year-earlier period, with a net sales margin of 30.9%, identical to the first half of 2013.

Operating expense in the first half of 2014 totalled 143.3 million euro, down by approximately 6.5 million euro from the year-earlier period, confirming the Group's constant focus on cutting costs and maintaining high profitability and productivity.

Consolidated Ebitda in the first half of 2014 was 94.0 million euro, against 100.6 million euro in the year-earlier period. The Ebitda margin was 15%, identical to the first half of 2013, thanks to important cost efficiencies achieved during the period.

2014 first-half Ebit was 51.1 million euro (Ebit margin 8.1%), compared with 57.6 million euro in the first half of 2013 (Ebit margin 8.6%).

For the first half of 2014, the Piaggio Group posted a profit before tax of 27.5 million euro, compared with 41.6 million euro in the year-earlier period. The first half of 2014 closed with a net profit of 16.5 million euro, compared with 25.0 million euro in the first half of 2013.

In the first half of 2014, the Group recorded non-recurring expense arising on early redemption of the bond originally maturing in December 2016. Adjusted profit before tax and adjusted net profit for the first half of 2014, computed without considering this non-recurring expense and the related tax effect, were 30.4 million euro and 18.3 million euro respectively.

Net debt at 30 June 2014 was 472.3 million euro, compared with 475.6 million euro at 31 December 2013.

The Group reported positive cash flows of 3.3 million euro in the first half, compared with outflows of 66.3 million euro in the first half of 2013.

Shareholders' equity at 30 June 2014 was 411.7 million euro, an increase of approximately 19.5 million euro from 31 December 2013.

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Significant events in the first half of 2014

In addition to the disclosures provided at the time of approval of Group results for the first quarter of 2014 (Board of Directors meeting of 8 May 2014):

On 7 April 2014, Piaggio & C. S.p.A. launched a direct exchange offer to holders of the "Piaggio & C. S.p.A. € 150 million 7% Senior Notes due 2016" bond issued on 1 December 2009, to replace outstanding notes with those arising from issue of a new euro bond maturing in 2021, at an exchange price of 104.50%.

On 16 April 2014, Piaggio & C. S.p.A. successfully completed the placement on the high-yield market of a 250 million euro 7-year unsecured non-convertible senior bond, with 4.625% annual interest and paying a fixed semi-annual coupon, at an issue price of 100%. The bond will optimise the debt structure, specifically by extending average maturity (from 2.4 to more than 4 years), reducing the average cost of funding and increasing the debt component raised on the capital markets.

On 16 May 2014, the new Piaggio Mp3 500 made its debut with an international presentation in Paris: the latest model is a completely new version of the three-wheel scooter that has sold more than

150,000 units to date. Featuring a new design and cutting-edge technical content (including ABS and ASR), the Mp3 500 was joined in July by the Mp3 300, which offers all the new elements of the larger model.

On 9 June 2014, after exercise of the call option on the "Piaggio & C. S.p.A. € 150 million 7% Senior Notes due 2016" bond issued on 1 December 2009, Piaggio & C. S.p.A. redeemed at a price of 103.50% the outstanding notes (for approximately 42 million euro) after the conclusion of the exchange offer launched on 7 April 2014.

On 16 June 2014, in Mantua, in parallel with the Vespa World Days rally – which brought together more than 10,000 Vespa fans and their scooters from 32 countries – the Piaggio Group opened Motoplex, its first concept store. Motoplex is the prototype for the development in the short-medium term of future sales outlets and dealerships for all Piaggio brands, not just in Europe but also in the USA and Asia.

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Significant events after 30 June 2014

On 16 July 2014, Piaggio & C. S.p.A. stipulated a five-year 220 million euro syndicated line of credit. The facility may be increased to 250 million euro and was underwritten for an initial amount of 220 million euro by Bank of America Merrill Lynch, Banca Nazionale del Lavoro, HSBC, Intesa Sanpaolo, Mediobanca and Unicredit acting as mandated lead arrangers and bookrunners.
The main purpose of the loan is to refinance the 200 million euro revolving credit line expiring in December 2015 and ensure the funding needed for the international growth envisaged by Piaggio's 2014-2017 business plan.
The line of credit consists of a revolving facility for a maximum amount of 175 million euro and an amortising term loan for a maximum amount of 75 million euro.
Compared with the refinanced revolving credit line, the economic terms of the new facility are more advantageous: in addition to a reduction in borrowing costs, the new line of credit will enhance the quality profile of Piaggio Group debt by raising financial flexibility and, in particular, extending debt average residual life to 5.0 years computed (pro-forma) on the basis of the latest approved figures.

On 25 and 26 July 2014, in Beijing, the Group opened the first Vespa Store. This marked the start of direct sales operations in China, targeting the premium segment of the two-wheeler market in the People's Republic of China.

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Outlook

As also outlined in the new 2014-2017 Business Plan approved on 19 March 2014, commercial and industrial operations will focus on:

- confirming the Group leadership position on the European two-wheeler market, taking full advantage of the expected recovery through a further strengthening of the product range and growing motorcycle sales and margins with the Moto Guzzi and Aprilia lines; maintaining current positions on the European commercial vehicle market; growth on the US and North American scooter and motorcycles market;
- continuing action to penetrate the Latin American markets with a new range of specifically designed small/medium motorcycles produced by the Piaggio Group joint venture in China;
- growth in the Asia Pacific region by exploring new opportunities in mid-range/large motorcycles

and replicating the premium strategy in Vietnam throughout the region. In the second half of 2014, the Group will also begin direct sales operations in China, with the aim of penetrating the premium segment of the two-wheeler market

- strengthening sales on the Indian scooter market by extending the offer of new Vespa models and versions and introducing new models in the premium scooter and motorcycle segments;
- growing commercial vehicle sales in India – in part through consolidation in new segments of the Indian three-wheeler market with the Apé City Pax and the introduction of new 4-wheel models – and in the emerging countries, aiming for further growth in exports to Africa and South America,
- in marketing and communication, the Group will continue development of new digital platforms to support relations with customers and potential customers; with regard to brand image and enhancement of sales outlets, the benchmark established with the new Motoplex store will be rolled out at international level;
- from a technology viewpoint, the Piaggio Group will continue study and research into new urban and metropolitan individual mobility scenarios and development of technologies and platforms that focus on the functional and emotional aspects of its vehicles, through continuous development in power trains, wider use of digital platforms connecting user and vehicle, and trials of new product and service configurations;
- at a more general level, the Group maintains its constant commitment – a characteristic of recent years and continuing in 2014 – to generate higher productivity through close attention to cost and investment efficiency, in line with its ethical principles.

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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 2014		H1 2013	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euro	*Note*				
Net Sales	4	**628,977**	**58**	**671,549**	**32**
Cost of materials	5	360,794	12,405	386,266	13,991
Cost of services and use of third-party assets	6	109,201	1,811	107,393	2,020
Employee expenses	7	110,424		116,202	
Depreciation property, plant and equipment	8	20,909		19,945	
Amortisation intangible assets	8	22,055		23,084	
Other operating income	9	54,770	2,287	49,385	438
Other operating expense	10	9,283	11	10,479	7
EBIT		**51,081**		**57,565**	
Share of result of associates	11			1,146	
Finance income	12	498		1,082	
Finance expense	12	23,591	215	17,513	102
of which non-recurring expense		*2,947*			
Net exchange-rate gains/(losses)	12	(511)		(680)	
Profit before tax		**27,477**		**41,600**	
Income tax expense	13	10,990		16,640	
Profit from continuing operations		**16,487**		**24,960**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Profit for the period		**16,487**		**24,960**	
Attributable to:					
Equity holders of the parent		**16,454**		**24,918**	
Minority interests		**33**		**42**	
Earnings per share (in €)	15	**0.046**		**0.069**	
Diluted earnings per share (in €)	15	**0.046**		**0.069**	

Consolidated Statement of Financial Position

		At 30 June 2014		At 31 December 2013	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euro	*Note*				
ASSETS					
Non-current assets					
Intangible assets	16	659,232		654,528	
Property, plant and equipment	17	296,410		302,767	
Investment property	18	12,141		7,346	
Equity investments	19	8,152		8,152	
Other financial assets	20	10,555		10,468	
Non-current tax receivables	21	6,158		2,974	
Deferred tax assets	22	37,776		33,660	
Trade receivables	23	387			
Other receivables	24	12,329	197	13,368	231
Total non-current assets		**1,043,140**		**1,033,263**	
Assets held for sale	28				
Current assets					
Trade receivables	23	127,737	776	75,722	864
Other receivables	24	29,688	10,216	26,514	7,162
Current tax receivables	21	26,822		23,615	
Inventories	25	246,641		207,808	
Other financial assets	26			838	
Cash and cash equivalents	27	104,029		66,504	
Total current assets		**534,917**		**401,001**	
TOTAL ASSETS		**1,578,057**		**1,434,264**	

		At 30 June 2014		At 31 December 2013	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euro	*Note*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	29	410,715		391,183	
Share capital and reserves attributable to minority interests	29	946		932	
Total shareholders' equity		**411,661**		**392,115**	
Non-current liabilities					
Borrowings due after one year	30	447,327	2,900	434,865	2,900
Trade payables	31				
Other non-current provisions	32	10,883		11,083	
Deferred tax liabilities	33	6,568		5,722	
Pension funds and employee benefits	34	52,485		49,830	
Non-current tax payables	35	0		0	
Other non-current payables	36	3,744		4,148	
Total non-current liabilities		**521,007**		**505,648**	
Current liabilities					
Borrowings due within one year	30	138,171		116,872	
Trade payables	31	419,982	14,937	346,164	11,204
Tax liabilities	35	21,353		12,587	
Other current liabilities	36	55,247	8,441	45,416	6,474
Current portion of other non-current provisions	32	10,636		15,462	
Total current liabilities		**645,389**		**536,501**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,578,057**		**1,434,264**	