PRESS RELEASE

PIAGGIO GROUP: FIRST NINE MONTHS OF 2014

Consolidated net sales 930.8 million euro from 955.0 mln in first nine months 2013
(2014 first nine months net sales 956.1 million euro at constant exchange rates)

Net financial position -437.9 million euro
(-475.6 million euro at 31 December 2013)

Ebitda 135.4 million euro (133.7 mln in first nine months 2013)
Ebitda margin 14.5% (14.0% in first nine months 2013)

Industrial gross margin 287.5 million euro (290.6 mln in first nine months 2013)
Net sales margin 30.9% (30.4% in first nine months 2013)

Ebit 69.6 million euro (71.4 mln in first nine months 2013)

Net profit 21.9 million euro (27.8 mln in first nine months 2013)
Adjusted net profit (*) 23.6 million euro
(*) net of non-recurring expense from early redemption of bond originally maturing in 2016

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In the third quarter of 2014, significant growth on all indicators: consolidated net sales 301.8 million euro (+6.5% from Q3 2013) with turnover growth in all regions where the Piaggio Group operates. EBITDA 41.3 million euro (+24.6%) and Ebitda margin up from 11.7% to 13.7%; net profit 5.4 million euro (+92.6% from Q3 2013)

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The Piaggio Group maintains leadership of European two-wheeler market, with an overall share of 16% and a 25.1% share in scooters.
Group share of US scooter market at 20.9%

Success of the new Vespa models (2.3% improvement in sales on Western markets) and the Piaggio Mp3 (19.5% increase in overall sales)

In India, upturn on three-wheel commercial vehicle market, with Piaggio holding a 32.1% overall market share, and 52.1% of the cargo segment.
71.3% growth in commercial vehicle exports from the Indian production hub

23 October 2014 – 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 2014.

Piaggio Group performance in the period was positive. The growth in revenues, together with measures taken to control costs and productivity, kept the key profit margins at the same levels as the first nine months of 2013 – and in some case improved margins – without slowing penetration of global markets and brand and premium pricing policies.

Piaggio Group performance was particularly strong in the third quarter which, compared with the year-earlier period, showed a sharp improvement in results, in absolute terms and in returns on net sales. Factors contributing to this performance included the rise in demand on core markets, with an overall increase in shipments worldwide; and the reversal of the exchange-rate effect, which had a particularly negative impact on the Group in the first half of 2014. The exchange-rate effect was substantially neutral in the third quarter as a whole, but showed a continuous improvement over the three months, with a positive effect in August and September.

In the **third quarter of 2014**, the Piaggio Group reported net sales of 301.8 million euro, an increase of 6.5% on the year-earlier period. Net sales grew in all Piaggio Group regions, from Europe (+1.4% on the year-earlier period), to Asia (+9%) and India (+18%). There was particularly significant growth in the third quarter in all the profitability indicators, with EBITDA at 41.3 million euro (+24.6% from the third quarter of 2013) and the EBITDA margin up from 11.7% to 13.7%; net profit for the third quarter of 2014 was 5.4 million euro, compared with 2.8 million euro in the third quarter of 2013 (+92.6%).

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Looking at **performance in the Piaggio Group markets and sectors**, in the two-wheeler sector, the **domestic European market** saw a continued slowdown in the recovery that emerged in the first quarter of the year. Year-on-year growth of sales volumes in Europe from January to September 2014 was +2% (compared with +13% in January-March 2014).

In **Asia-Pacific** (Asean 5 area), performance in the two-wheeler sector varied, with a growing contribution from the Indonesian market (with 5% growth in total two-wheeler sales compared with the first nine months of 2013) and a reduction on the Vietnamese two-wheeler market of 5% from the first nine months of 2013. Thailand and Malaysia also slowed, with double-digit downturns.

On the **North American market**, overall growth of 2.9% from the first nine months of 2013 was accompanied by a slowdown on the scooter market (-3%, with a total of approximately 29,000 vehicles sold in North America from January to June 2014).

In **light commercial vehicles**, the economic recovery in India after the elections led to growing demand for three-wheelers, a sector where Piaggio is a consolidated player in the subcontinent. A sharp improvement was reported in the trend on the **Indian three-wheel commercial vehicle market**, with double-digit growth in the third quarter (+22.9% year on year), sufficient to counter the heavy fall in the January-March 2014 quarter and produce growth of 5.7% in the first nine months.

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Group **consolidated net sales** in the first nine months of 2014 totalled 930.8 million euro, a small reduction of 2.5% from 955.0 million euro in the first nine months of 2013.

Net of the **exchange-rate effect**, Group consolidated net sales were 956.1 million euro, in line with the figure at 30 September 2013 (growth of 0.1%). As in the second half of 2013 and the first half of 2014, the depreciation of the Indian rupee and, to a lesser extent, the Vietnamese dong, the Indonesian rupee and the US dollar continued to have a negative impact on Piaggio Group net sales, -25.3 million euro in January-September 2014. This was an improvement compared with the first half of the year, due to the reversal of the trend in the exchange-rate effect in the third quarter.

In the first nine months of 2014, the Piaggio Group shipped **417,200 vehicles** worldwide, compared with 429,900 vehicles in the first nine months of 2013.

The Piaggio Group maintained its **leadership position on the European two-wheeler market** in the first nine months, with an overall share of 16% and a 25.1% share in the scooter segment.

With a 20.9% share, the Group also maintained its position as reference constructor on the **North American scooter market**.

An important increase was reported in the first nine months of 2014 in sales for the **Vespa brand and the Piaggio Mp3 three-wheel scooter**, supported by the launch of the new Primavera and Sprint models and the fully updated versions of the Mp3 and the Vespa GTS.

Since the beginning of the year, the Piaggio Group has sold more than 14,100 **three-wheel scooters**, a volume improvement of just under 20% compared with 11,800 scooters in the first nine months of 2013, for revenues of 76.7 million euro, an increase of 31.0%.

Significant growth was also reported in **Vespa sales on Western markets**, to 66,600 scooters at 30 September 2014, an increase of 2.3% on the first nine months of 2013.

Worldwide turnover on the Vespa brand in the first nine months of 2014 reached 247.1 million euro, a figure in line with the 246.7 million euro reported in the year-earlier period.

In **commercial vehicles**, the Piaggio Group reported a small rise in worldwide sales (from 150,100 to 157,700, +5.1% year on year). In **India**, Piaggio Vehicles Private Ltd. had an overall share of 32.1% on the three-wheel commercial vehicle market, with a 52.1% share in the cargo segment where it is the outright leader. The Group reported strong performance on the Indian market for four-wheel commercial vehicles under 2 tons, shipping more than 4,800 vehicles in the first nine months of the year (+33% from the year-earlier period) and raising its market share from 2.4% to 4.6%.

Constant growth continued in **commercial vehicle exports** from the Indian production hub, totalling 18,300 vehicles in the first nine months of 2014, an improvement of 71% from the first nine months of 2013.

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The **industrial gross margin** for the period was 287.5 million euro, from 290.6 million euro in the first nine months of 2013, with a net sales margin of 30.9%, compared with 30.4% in the year-earlier period.

Operating expense in the first nine months of 2014 totalled 217.9 million euro, down by approximately 1.4 million euro from the year-earlier period (219.2 million euro), confirmation of the Group's constant focus on cutting costs and maintaining high profitability and productivity levels.

The performance described above generated an improvement in **consolidated EBITDA** from the year-earlier period, to 135.4 million euro (133.7 million euro in the first nine months of 2013). The **EBITDA margin** was up 0.5 percentage points from the year-earlier period, to 14.5%.

EBIT in the first nine months of 2014 was 69.6 million euro, against 71.4 million euro in the year-earlier period. The EBIT margin remained steady at 7.5%, unchanged from the year-earlier period.

In the first nine months of 2014, the Piaggio Group posted a **profit before tax** of 36.5 million euro, compared with 46.3 million euro in the year-earlier period. The first nine months of 2014 closed with a **net profit** of 21.9 million euro, compared with 27.8 million euro in the year-earlier period.

In the first nine months of 2014, compared with the year-earlier period, the Group reported 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 nine months of 2014, computed without considering this non-recurring expense and the related tax effect, were 39.4 million euro and 23.6 million euro respectively.

Net debt at 30 September 2014 was 437.9 million euro, compared with 475.6 million euro at 31 December 2013. The improvement was achieved thanks to **cash inflows** of 37.7 million euro in the period, compared with cash outflows of 63 million euro in the year-earlier nine months.

In the first nine months of 2014, the Piaggio Group reported **R&D investments and expenditure** totalling 49.4 million euro, an increase of 9.6% from the year-earlier period.

Group **shareholders' equity** at 30 September 2014 was 420.6 million euro, up by approximately 28.4 million euro from 31 December 2013.

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Stefano Pelle appointed Chief Executive Officer of Piaggio Vehicles Private Ltd. (PVPL)

At today's meeting, the Board of Directors approved the appointment of **Stefano Pelle** to the post of Chief Executive Officer of Piaggio Vehicles Private Ltd. (PVPL). **Ravi Chopra**, Chairman of Piaggio Vehicles Private Ltd., will maintain his position as company chairman and will also take the post of Chairman of Piaggio Vietnam Co. Ltd.

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Events after 30 September 2014

At Intermot 2014, the international motorcycle show in Cologne (Germany) from 1 to 5 October 2014, the Piaggio Group unveiled its new **Moto Guzzi V7 II** 750cc with a new 6-speed gear shift, dual-channel ABS braking and MGCT traction control, and the new **Aprilia Caponord Rally** with a 1200cc V-twin engine. The new Aprilia bike is an offroad version with a 19" front wheel, rigid aluminium panniers, 24 litre fuel tank, larger windshield, new engine protections, additional LED lights and Aprilia Dynamic Damping (ADD) suspensions.

On 2 October 2014, the Standard and Poor's rating agency downgraded the Piaggio rating from BB- to B+, with a stable outlook.

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 developed and 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. During 2014, Group direct sales operations began 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 of 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.

This press release may contain forward-looking statements relating to future events and Piaggio Group business and financial results. By their nature, these statements are subject to inherent risks and uncertainties, since they relate to events and depend on circumstances that may or may not occur or exist in the future. Actual results may differ materially from those expressed in such statements as a result of a variety of factors.

This press release contains a number of indicators that, though not yet contemplated by the IFRS ("Non-GAAP Measures"), are based on financial measures envisaged by the IFRS. These indicators – presented in order to assist assessment of the Group's business performance – should not be considered as alternatives to those envisaged by the IFRS and are consistent with those in the Piaggio Group 2013 Annual Report and quarterly and half-year reports. Furthermore, since determination of such indicators is not specifically regulated by the IFRS, the methods used may not coincide with those adopted by other companies/groups, and consequently the indicators in question may not be comparable. Specifically, the following alternative performance indicators are used:

- EBITDA: earnings before amortisation and depreciation. As from 31 December 2013, the definition of EBITDA has been amended and is now equivalent to earnings (EBIT) before amortisation and depreciation and impairment losses on property, plant and equipment and intangible assets, as reflected in the income statement;
- Net financial debt: this reflects financial liabilities (current and non-current), less cash and cash equivalents, and other financial receivables (current and non-current). Determination of net financial debt does not include other financial assets and liabilities arising from measurement at fair value of derivatives designated as hedges and fair value adjustments of the related hedged items. The schedules in the Piaggio Group quarterly report at 30 September 2014 include a table illustrating the composition of net financial debt. In this regard, in compliance with CESR recommendation of 10 February 2005 "Recommendation for uniform enactment of the European Commission regulation on disclosures", attention is drawn to the fact that the indicator determined as described represents the amount as monitored by Group management and differs with respect to Consob Communication no. 6064293 of 28 July 2006, since it also includes non-current financial receivables.

In order to permit comparison of the results of the first nine months of 2014 with those of the previous periods, net earnings and net earnings per share for the first nine months of 2014 have been re-stated, excluding the effect of non-recurring events (which are fully disclosed in the quarterly report at 30 September 2014 and relate entirely to the Piaggio Group). These additional productivity measures are referred to as adjusted net profit and adjusted earnings per share.

The Piaggio Group consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows are set out below. In compliance with Consob Communication no. 9081707 of 16 September 2009, these reclassified statements are not subject to auditing by the independent auditors.

The presentation of the financial results at 30 September 2014 is available on the company website at www.piaggiogroup.com/it/investor and at the "1Info" authorised storage mechanism on the www.1info.it website.

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Consolidated Income Statement

		First nine months 2014		First nine months 2013	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euro	*Note*				
Net Sales	4	**930,821**	**69**	**955,006**	**214**
Cost of materials	5	531,743	17,710	553,912	16,871
Cost of services and use of third-party assets	6	161,390	2,774	158,124	2,998
Employee expenses	7	161,175		162,875	
Depreciation property, plant and equipment	8	31,170		28,812	
Amortisation intangible assets	8	34,567		33,569	
Other operating income	9	72,330	2,360	68,749	504
Other operating expense	10	13,490	15	15,100	11
EBIT		**69,616**		**71,363**	
Share of result of associates	11	(71)		1,164	
Finance income	12	782		2,286	
Finance expense	12	33,413	326	27,093	209
of which non-recurring expense		*2,947*			
Net exchange-rate gains/(losses)	12	(456)		(1,458)	
Profit before tax		**36,458**		**46,262**	
Income tax expense	13	14,583		18,505	
Profit from continuing operations		**21,875**		**27,757**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Profit for the period		**21,875**		**27,757**	
Attributable to:					
Equity holders of the parent		**21,839**		**27,690**	
Minority interests		**36**		**67**	
Earnings per share (in €)	15	**0.061**		**0.077**	
Diluted earnings per share (in €)	15	**0.060**		**0.077**	

PIAGGIO & C. s.p.a.

Consolidated Statement of Financial Position

		At 30 September 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	660,793		654,528	
Property, plant and equipment	17	299,702		302,767	
Investment property	18	12,141		7,346	
Equity investments	19	8,807		8,152	
Other financial assets	20	15,629		10,468	
Non-current tax receivables	21	6,470		2,974	
Deferred tax assets	22	38,160		33,660	
Trade receivables	23	16			
Other receivables	24	12,719	197	13,368	231
Total non-current assets		**1,054,437**		**1,033,263**	
Assets held for sale	28				
Current assets					
Trade receivables	23	92,465	751	75,722	864
Other receivables	24	32,972	10,257	26,514	7,162
Current tax receivables	21	34,528		23,615	
Inventories	25	266,931		207,808	
Other financial assets	26			838	
Cash and cash equivalents	27	128,333		66,504	
Total current assets		**555,229**		**401,001**	
TOTAL ASSETS		**1,609,666**		**1,434,264**	

		At 30 September 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	419,608		391,183	
Share capital and reserves attributable to minority interests	29	947		932	
Total shareholders' equity		**420,555**		**392,115**	
Non-current liabilities					
Borrowings due after one year	30	464,125	2,900	434,865	2,900
Trade payables	31				
Other non-current provisions	32	10,791		11,083	
Deferred tax liabilities	33	6,842		5,722	
Pension funds and employee benefits	34	54,670		49,830	
Non-current tax payables	35	0		0	
Other non-current payables	36	3,549		4,148	
Total non-current liabilities		**539,977**		**505,648**	
Current liabilities					
Borrowings due within one year	30	116,612		116,872	
Trade payables	31	446,434	15,908	346,164	11,204
Tax liabilities	35	17,811		12,587	
Other current liabilities	36	57,869	8,338	45,416	6,474
Current portion of other non-current provisions	32	10,408		15,462	
Total current liabilities		**649,134**		**536,501**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,609,666**		**1,434,264**	

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Consolidated Statement of Cash Flows

This statement reflects items determining changes in cash and cash equivalents net of short-term bank overdrafts, in compliance with IAS 7.

		First nine months 2014		First nine months 2013	
		Total	of which related parties	Total	of which related parties
In thousands of euro	*Note*				
Operating activities					
Consolidated net profit		21,839		27,690	
Earnings attributable to non-controlling interests		36		67	
Tax for the period	13	14,583		18,505	
Depreciation property, plant and equipment	8	30,879		28,812	
Amortisation intangible assets	8	34,567		33,569	
Allocations for risks, retirement funds and employee benefits		13,448		13,271	
Writedowns / (Revaluations)		(4,132)		1,308	
Losses / (Gains) on the sale of property, plant and equipment		(1)		231	
Losses / (Gains) on the sale of intangible assets		0		0	
Financial income	12	(668)		(1,125)	
Dividend income		(5)		(154)	
Financial charges	12	31,223		23,792	
Income from public grants		(1,964)		(3,802)	
Share of results of associates		0		(1,010)	
Change in working capital:					
(Increase)/Decrease in trade receivables	23	(16,387)	113	(27,751)	(54)
(Increase)/Decrease in other receivables	24	(5,809)	(3,061)	10,348	(99)
(Increase)/Decrease in inventories	25	(59,123)		(13,522)	
Increase /(Decrease) in trade payables	31	100,270	4,704	(11,518)	(3,403)
Increase /(Decrease) in other payables		11,854	1,484	(10,795)	1,439
Increase /(Decrease) in provisions for risks	32	(13,017)		(9,376)	
Increase /(Decrease) in retirement funds and employee benefits	34	(1,288)		(6,674)	
Other changes		(33,405)		(9,674)	
Cash generated by operating activities		**122,900**		**62,192**	
Interest paid		(22,920)		(24,244)	
Tax paid		(12,446)		(12,086)	
Cash flow from operating activities (A)		**87,534**		**25,862**	
Investment activities					
Investment in property, plant and equipment	17	(19,126)		(26,030)	
Sale price or redemption value of property, plant and equipment		315		240	
Investment in intangible assets	16	(37,886)		(34,826)	
Sale price or redemption value of intangible assets		44		53	
Writedown of equity investments		76		0	
Sale price of financial assets		838		1,260	
Interest collected		421		871	
Cash flow from investing activities (B)		**(55,318)**		**(58,432)**	
Financing activities					
Exercise of stock options	29	5,139		274	
Purchase of own shares	29	(462)		(469)	
Outflow for dividends paid	29	0		(33,087)	
Loans received	30	141,871		98,405	
Outflow for loan repayments	30	(106,651)		(53,888)	
Finance leases received	30	268		0	
Repayment of finance leases	30	(751)		(698)	
Cash flow from financing activities (C)		**39,414**		**10,537**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		68,114		(22,033)	
Opening balance		**52,816**		**84,140**	
Exchange differences		(3,165)			
Closing balance		**121,281**		**62,107**	