PIAGGIO &C.s.p.a.

PRESS INFORMATION

PRESS RELEASE

PIAGGIO GROUP: 2009 FIRST HALF

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Trend turnaround in Q2 2009

Strong growth on Asian markets as from Q2 2009

Growth in ratio of industrial gross margin to net sales (+1 p.p.)

Positive cash flow, leading to reduction in debt from 31.12.2008 (€ -10.8 mln)

Larger share of Italian two-wheeler market (2.4 p.p.)

Positive turnover performance in commercial vehicles

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Net sales € 795.6 mln

EBITDA € 107.5 mln

Net profit € 25.7 mln

Milan, 30 July 2009 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the figures for Group performance in the first half of 2009.

During the second quarter of 2009, the Piaggio Group reported a significant improvement in its operating results compared with the first three months of the year, thanks to the competitiveness of its offer and the strong recovery on the Asian markets.

Group **consolidated net sales** amounted to € 795.6 million in the first half, against € 900.3 million in the first half of 2008.
Factors contributing to this downturn, in addition to the sales decline in the 2-Wheel business, were the reduction of the BMW five-year order (-5.1 million € compared with the first half of 2008) and the revaluation of the euro against the Indian rupee and British sterling, which had a negative effect of approximately € 3.8 million on turnover compared with the year-earlier period).

The **industrial gross margin** was € 249.4 million, against € 272.4 million in the first half of 2008. The growth in the **ratio of the industrial gross margin to net sales** was significant, rising from 30.3% in the first half of 2008 to 31.3% in the first half of 2009. In the second quarter of 2009, gross margin to net sales reached 33%, reflecting growth of 1.6 percentage points from the second quarter of 2008.

Consolidated EBITDA was € 107.5 million in the first half of 2009 (13.5% of net sales), compared with € 128.2 million in the year-earlier period.
The **EBITDA margin in the second quarter of 2009** was 17.7%, an improvement compared with the 2008 Q2 figure (17.3%).

EBIT was € 61.6 million, compared with € 81.8 million in the first half of 2008.

The 2009 half year closed with a **net profit** of € 25.7 million, compared with € 47.3 million in the first half of 2008 and with a net loss of € 4.7 million in the first quarter of 2009, after income tax of € 19.4 million (€ 16.6 million in the year-earlier first half) determined, in compliance with IAS 34, on the basis of the estimated full-year average tax rate.

Consolidated net debt decreased from € 359.7 million at 31 December 2008 to € 348.9 million at 30 June 2009, with **cash flows** totalling € 10.8 million in the first half of 2009.

Shareholders' equity at 30 June 2009 totalled € 402.4 million, against € 398.2 million at 31 December 2008 and € 427.7 million at 30 June 2008.

Business Performance

For the 2009 half year, the Piaggio Group sold a total of **314,200 vehicles**, of which 227,000 in the 2-Wheel business and 87,200 in the Commercial Vehicles business (compared with an overall total of 372,700 vehicles in the year-earlier first half).

In the **2-Wheel business**, conditions were particularly difficult in the main Group markets. Compared with the first half of 2008, demand fell in Italy (-6.9%), in Europe (-17%) and in the USA (-44%).

In this context, the Piaggio Group nevertheless displayed a greater **competitive capacity** on its two-wheeler product ranges and brands, with scooters in particular outperforming competitors in meeting the new needs of European, North American and Asian consumers.

On the **Italian two-wheeler market**, in the first half of 2009 the Group raised its overall market share to 29.4% (+2.4 percentage points from the first six months of 2008), reporting strong improvements in the branded scooter segments (+3.2 points from the first half of 2008), thanks to the success of the new entries for the Vespa, Scarabeo and Piaggio brands, and a positive trend in branded motorcycles (+0.3 points from the first half of 2008) led, for the Aprilia brand, by a series of victories in Grand Prix motorcycle racing and excellent performance in its debut year in the Superbike World Championship. **End user sales** were also up on the first half of 2008, with more than 85,000 vehicles sold in Italy from January to June 2009 (+1%).

In the **Asia-Pacific** area, where performance slowed in the first half of 2009 by approximately 31% compared with the first six months of 2008, for net sales totalling € 18.4 million, in the second quarter of 2009 the Group reported a strong recovery with respect to the general market trend, limiting the downturn in net sales from Q2 2008 to 3% (the YoY decline in the first quarter was 55%). In this region, during the second half of 2009 the Group will be reaping the full benefits of the start-up of **commercial operations in Vietnam**, where sales of locally produced scooters for the Vespa range began at the end of June, winning a very positive response from the market where demand is growing.

In the **Commercial Vehicles** business, the Piaggio Group reported a **small YoY increase in first-half net sales**, despite difficult market conditions (+0.1% to € 199.9 million).

Specifically, market growth resumed in **India,** producing an improvement of 3.4% in the segments addressed by the Group. On the **Indian market,** the Piaggio Group reported net sales growth of 4.2% in the first half of 2009 compared with the year-earlier period, to € 127.7 million. This performance arose from the sharp acceleration of commercial operations in the second quarter of 2009, which reported growth of approximately 10% against the second quarter of 2008.
At a constant Indian rupee/euro exchange rate, the growth in net sales compared with the first half of 2008 would have been 9% instead of 4.2%.

On the **Italian market**, thanks to the success of the new Porter minivan range, Piaggio decisively countered the negative trend in the commercial vehicles sector, raising shipments by 4.9% and increasing its market share by 1.1 percentage points in the first half compared with the first six months of 2008.

Events after 30 June 2009

On 3 July 2009 the **Piaggio Group** presented its **2009-2012 Strategic Plan**.
The Plan targets strong growth in Asia, through expansion of its industrial presence and the extension of the two-wheeler offer and the commercial vehicle range, development of the distribution network, the organisation and human resources.
On the European domestic market, Group strategy will aim to consolidate the current leadership position through product developments and innovations for the Group scooter brands, rationalisation of the motorcycle offer and simultaneous enhancement of the specific missions of the Aprilia, Moto Guzzi and Derbi brands.
In the Americas, the 2009-2012 Plan will focus on boosting cost competitiveness and enhancing the offer in all segments of the scooter market. In motorcycles, the Group will target brand growth, in part through development of its mid-range sports models.
Thanks to its in-house capacity for technological innovation, the Group will be looking to win a leadership position with an offer of new engines with zero or low emissions and reduced fuel consumption: it will be developing and broadening its range of hybrid, electric and bi-fuel vehicles in both the two-wheeler and commercial vehicle sectors.
On the engines front, Piaggio will also begin production of 1,000 and 1,200 cc diesel and turbodiesel models, which will be the cornerstone for the expansion of the Group commercial vehicle offer – produced and marketed in Europe and in Asia – and the growth and segmentation of the Ape, Quargo and Porter ranges.
The 2009-2012 Plan envisages significant investments in product development and the international growth of the current Sourcing, R&D and IT divisions.

On 7 July 2009 the new **Piaggio Mp3 Hybrid**, the world's first hybrid scooter, was presented to the Italian and international press. The new scooter features an internal combustion engine and an electric motor, which operate in synergy thanks to a special electronic management system developed by the Group's R&D division, to deliver significant fuel savings and an important reduction in CO2 emissions.

On 26 July 2009, on the Brno circuit, the **Aprilia RSV4** driven by Max Biaggi won its first victory in the **Superbike World Championship**. This success – combined with three other podiums earlier in this debut year in the SBK World Championship – confirms the technological supremacy of the Aprilia brand in motorcycle racing: with a portfolio of 40 world titles (33 in Grand Prix motorcycle racing), Aprilia is the most successful Italian brand ever in world championship racing.

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On 28 July 2009, the **Mediobanca R&D survey on the top Italian groups** ranked Piaggio in fourth place in the scoreboard for the ratio of R&D spending to revenues (4.6% for the Piaggio Group).

Outlook

The first half of 2009 was severely affected by the economic crisis and by the difficulties on the markets addressed by the Piaggio Group. The first significant signs of a recovery and stability began to emerge in March. With product portfolios for the 2-Wheel and Commercial Vehicle businesses featuring vehicles with low emissions and reduced fuel consumption, the Group will also be in a position to benefit fully from the eco-incentives introduced by the Italian Government and by the Spanish Government.

Over the coming months, in part through the market launch of the new state-of-the-art products, the Group will pay specific attention to the growth of the its motorcycle brands in Europe and consolidation of its leadership position in scooters in Europe and America. Piaggio will also be developing marketing operations for the Vespa scooter in Vietnam, which made its official debut at the end of June 2009.

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The parent company Piaggio & C. S.p.A.

For the first half of 2009, Piaggio & C. S.p.A. reported net sales of € 655.3 million, EBITDA of € 72.6 million and a net profit of € 12.8 million.

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During the meeting, the Chairman informed the Board that Banque Nationale de Paris Paribas-BNL had successfully completed syndication of a loan among a small pool of banks. The loan, originally for a basic amount of € 70 million, has been increased to € 90 million; it is a non-secured facility arranged for 36 months including an 18-month pre-amortisation period, and carries a variable rate of 190 basis points over Euribor. It will enable the Piaggio Group to refinance its medium-term debt maturing this year, extending average residual life, reducing average cost and maintaining good financial flexibility.

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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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PRESS INFORMATION

INCOME STATEMENT

Amounts in €/000	Note	H1 2009	H1 2008	Change
Net Sales	4	**795,626**	**900,333**	**(104,707)**
of which vs related parties			*56*	*(56)*
Cost of materials	5	461,402	532,409	(71,007)
of which vs related parties		*23,157*	*23,801*	*(644)*
Cost of services and use of third-party assets	6	147,773	161,608	(13,835)
of which vs related parties		*1,292*	*718*	*574*
Employee expenses	7	129,663	133,740	(4,077)
Depreciation property, plant and equipment	8	18,995	20,155	(1,160)
Amortisation intangible assets	8	26,917	26,181	736
Other operating income	9	64,088	70,223	(6,135)
of which vs related parties		*900*	*0*	*900*
Other operating expense	10	13,388	14,646	(1,258)
of which vs related parties			*4*	*(4)*
EBIT		**61,576**	**81,817**	**(20,241)**
Share of result of associates		171	47	124
Finance income	11	4,580	9,486	(4,906)
Finance expense	11	(21,189)	(27,472)	6,283
Profit before tax		**45,138**	**63,878**	**(18,740)**
Income tax expense	12	**19,409**	**16,609**	**2,800**
Result from on-going operations		**25,729**	**47,269**	**(21,540)**
Discontinued operations:				
Profit or loss from discontinued operations	13			**0**
Consolidated net profit		**25,729**	**47,269**	**(21,540)**
Attributable to:				
Equity holders of the parent		**25,655**	**46,896**	**(21,241)**
Minority interests		**74**	**373**	**(299)**
Earnings per share (in €)	14	**0.06**	**0.12**	**(0.06)**
Diluted earnings per share (in €)	14	**0.06**	**0.12**	**(0.06)**

CONSOLIDATED BALANCE SHEET

Amounts in €/000	Note	At 30 June 2009	At 31 December 2008	Change
ASSETS				
Non-current assets				
Intangible assets	15	648,157	648,234	(77)
Property, plant and equipment	16	250,790	250,354	436
Investment property	17			0
Equity investments	18	239	239	0
Other financial assets	19	181	359	(178)
Non-current tax receivables	20	11,682	8,166	3,516
Deferred tax assets	21	36,385	36,227	158
Other receivables	23	13,341	12,587	754
of which vs related parties		*497*	*799*	*(302)*
Total non-current assets		**960,775**	**956,166**	**4,609**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	220,325	90,278	130,047
of which vs related parties		*358*	*460*	*(102)*
Other receivables	23	18,113	21,380	(3,267)
of which vs related parties		*1,963*	*1,961*	*2*
Current tax receivables	20	20,590	27,772	(7,182)
Inventories	24	281,212	257,961	23,251
Other financial assets	25	23,915	5,787	18,128
of which vs related parties		*45*	*45*	*0*
Cash and cash equivalents	26	146,546	39,985	106,561
Total current assets		**710,701**	**443,163**	**267,538**
TOTAL ASSETS		**1,671,476**	**1,399,329**	**272,147**

Amounts in €/000	Note	At 30 June 2009	At 31 December 2008	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserve attributable to equity holders of parent	28	400,899	396,767	4,132
Share capital and reserve attributable to minority interests	28	1,504	1,454	50
Total shareholders' equity		**402,403**	**398,221**	**4,182**
Non-current liabilities				
Borrowings due after one year	29	372,101	264,789	107,312
Pension funds and employee benefits	33	64,671	64,160	511
Other non-current provisions	31	17,852	21,678	(3,826)
Non-current tax payables	34		166	(166)
Other long-term payables	35	6,110	5,965	145
Deferred tax liabilities	32	30,709	31,795	(1,086)
Total non-current liabilities		**491,443**	**388,553**	**102,890**
Current liabilities				
Borrowings due within one year	29	147,270	140,691	6,579
Trade payables	30	476,839	362,224	114,615
of which vs related parties		*16,140*	*8,712*	*7,428*
Tax liabilities	34	37,457	19,065	18,392
Other current liabilities	35	91,799	70,677	21,122
of which vs related parties		*794*	*600*	*194*
Current portion of other non-current provisions	31	24,265	19,898	4,367
Total current liabilities		**777,630**	**612,555**	**165,075**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,671,476**	**1,399,329**	**272,147**