

PRESS RELEASE

Board of Directors meeting

PIAGGIO GROUP: 1ST HALF 2006

- **NET SALES 903.3 MLN (+10.9% YoY)**
 - **EBITDA € 135 MLN (+9% YoY)**
- **OPERATING INCOME € 92.7 MLN (+18.3% YoY)**
 - **NET PROFIT € 64.4 MLN (+26.3% YoY)**
 - **NET DEBT DOWN TO € 326.2 MLN**

PIAGGIO & C. S.p.A.: NET PROFIT € 49.4 MLN

Milan, 11 September 2006 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved figures for Group performance in the first six months of 2006, drawn up in compliance with the Ias/Ifrs international financial reporting standards. The company's shares were admitted for trading on Borsa Italiana's automated trading system, Mercato Telematico, last 11 July.

The first six months saw positive business performance by the Group, confirming its growth strategies, with favourable progress on international markets (notably the USA and India) and significant recoveries in the motorcycle business.

The half-year saw growth in all Piaggio Group earnings indicators, with:

- **net sales** of € 903.3 million, for YoY growth of 10.9%;
- **EBITDA** growth of 9% to € 135.0 million;
- **net profit** of € 64.4 million, over € 51 million in the year-earlier period;
- **net debt** at € 326,2 million, a decrease of approximately € 85 million from € 411.4 million at 31 December 2005.

These results were achieved against a YoY decline of 4% in shipments on the world two-wheel motor vehicle market, but growth on markets of greatest interest to Piaggio, Europe (+6%) and North America (+7%).

On the light transport vehicles market, sales volumes increased in both the geographical regions addressed by the Group (Europe +4.9%, India +25%).

The half-year figures are detailed below:



Outlook

Consistently with Piaggio's goal of maintaining its lead in product's innovation, the second half saw the market launch of the Piaggio MP3.

In the motorcycle segment, Piaggio will continue efforts for the recovery of the Aprilia and Moto Guzzi brands.

The priority in the LTV segment continues to be supporting growth on the Indian market, where an important enhancement to the product portfolio is planned by the end of the year with the introduction of the first version of the 4-wheeler vehicle.

Piaggio chairman Roberto Colaninno said: "our success, thanks to strong cash flow, in reducing debt and funding growth plans strengthens the Group strategy, especially in view of the need to invest in new product ranges and new initiatives, particularly on the international markets. Our strategy for 2007 will see management focus on international business – notably India, China and North America – whose contribution to Piaggio Group aggregate revenues is expected to improve significantly over the medium term."

The Parent Company Piaggio & C. S.p.A.¹

The half-year figures for the parent company have been drawn up in compliance with the Ias/lfrs standards. In the first half of 2006, Piaggio & C. S.p.A. had **net sales** of € 711.1 million, positive **EBITDA** of € 102.7 million, a **pre-tax profit** of € 55.9 million and a **net profit** of € 49.4 million.

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¹ With the entry into force of European Regulation no. 1606/2002 and the adoption of the Regulation in Italian law, as from 1 January 2006 Piaggio & C. S.p.A. draws up separate financial statements in compliance with the International Financial Reporting Standards (IFRS).



PIAGGIO & C.s.p.a.

Piaggio – Consolidated schedules
Income Statement

In thousands of euro	Note	1 st half 2006	1 st half 2005	Change
Net sales	4	903,310	814,292	89,018
Costs for materials	5	519,356	463,885	55,471
Costs for services and use of third-party assets	6	172,500	158,970	13,530
Staff costs	7	124,843	121,860	2,983
Depreciation of tangible assets	8	20,123	22,950	(2,827)
Amortisation of intangible assets	8	22,135	22,603	(468)
Other income from operations	9	64,760	81,500	(16,740)
Other costs from operations	10	16,364	27,138	(10,774)
Operating income		92,749	78,386	14,363
Profit on equity investments		(2)		(2)
Financial income	11	5,460	9,602	(4,142)
Financial charges	11	(19,745)	(24,176)	4,431
Income before tax		78,462	63,812	14,650
Tax for the period	12	13,712	12,533	1,179
Net result from assets in use		64,750	51,279	13,471
Assets to be discontinued:				
Gain or loss from assets to be discontinued	13			0
Consolidated net profit		64,750	51,279	13,471
Attributable to:				
Equity holders of the parent		64,429	51,039	13,390
Minority interests		321	240	81
Earnings per share (in €)	14	0.17	0.14	0.03
Diluted earnings per share (in €)	14	0.16		



Balance Sheet

In thousands of euro	Note	At 30 June 2006	At 31 December 2005	Change
ASSETS				
Non-current assets				
Intangible assets	15	623,949	624,746	(797)
Property, plant and equipment	16	249,223	259,591	(10,368)
Investment property	17	0	506	(506)
Equity investments	18	607	650	(43)
Other financial assets	19	6,086	10,354	(4,268)
Non-current tax receivables	20	7,193	7,156	37
Deferred tax assets	21	38,676	35,135	3,541
Trade and other receivables	22	2,652	7,140	(4,488)
Total non-current assets		928,386	945,278	(16,892)
Assets held for sale	27	701	55	646
Current assets				
Trade and other receivables	23	351,538	176,772	174,766
Current tax receivables	20	13,896	12,440	1,456
Inventories	24	245,952	192,029	53,923
Other financial assets	25	44,992	137	44,855
Cash and cash equivalents	26	39,647	42,770	(3,123)
Total current assets		696,025	424,148	271,877
TOTAL ASSETS		1,625,112	1,369,481	255,631



Balance Sheet

In thousands of euro	At 30 June 2006	At 31 December 2005	Change
ASSETS			
Non-current assets			
Intangible assets	471,062	468,113	2,949
Property, plant and equipment	182,639	190,590	-7,950
Investment property	0	506	-506
Equity investments	98,151	98,069	82
Other financial assets	31,509	41,271	-9,762
Non-current tax receivables	7,063	7,035	28
Deferred tax assets	17,810	17,810	0
Trade and other receivables	1,676	1,140	535
Total non-current assets	809,910	824,534	-14,625
Assets held for sale	646	0	646
Current assets			
Trade and other receivables	354,573	175,248	179,325
Current tax receivables	3,088	2,689	399
Inventories	171,884	132,674	39,210
Other financial assets	62,669	24,300	38,368
Cash and cash equivalents	13,661	14,163	-502
Total current assets	605,875	349,076	256,799
TOTAL ASSETS	1,416,430	1,173,610	242,820



In thousands of euro	At 30 June 2006	At 31 December 2005	Change
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	194,827	194,827	0
Share premium reserve	24,500	24,500	0
Revaluation reserves	0	0	0
Legal reserve	723	723	0
Reserve for treasury shares	0	0	0
Other reserves	75,040	51,515	23,526
Reserve for shares being issued	11,463		11,463
Amounts due from shareholders	-11,463	0	-11,463
Retained earnings (accumulated losses)	-34,707	-30,211	-4,496
Net profit (loss) for the year	49,390	15,882	33,509
Total shareholders' equity	309,774	257,236	52,538
Non-current liabilities			
Non-current financial liabilities	348,858	350,971	-2,113
Trade and other non-current payables	12,513	7,169	5,343
Pension funds and employee benefits	74,993	72,889	2,104
Other non-current provisions	35,040	22,222	12,818
Deferred tax liabilities	27,459	28,192	-733
Total non-current liabilities	498,863	481,443	17,419
Current liabilities			
Current financial liabilities	55,585	94,468	-38,884
Trade payables	467,232	240,025	227,207
Current tax	15,318	7,509	7,809
Other current payables	57,556	62,163	-4,608
Current portion of long-term provisions	12,103	30,765	-18,662
Total current liabilities	607,794	434,930	172,863
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,416,430	1,173,610	242,820