Good afternoon and welcome to everybody.

Let's move to our presentation starting from the highlights on page 3 and 4.

Net consolidated sales increased by 1.1% to 830 ML Euro, sustained by the on-going growth of our Asian operations and the solid performance of our 2 wheels business in Western Countries which showed just a slight decrease of -1%, in spite of the persistent weak European market scenario.

Gross Margin declined by 4.5% to 253 ML Euro, whilst keeping the ratio to net sales above 30%.

Nevertheless the Group improved at EBITDA level, with an increase of 2.4% to 120 ML Euro, 2.8 ML Euro higher than last year, coupled with a margin growth of 0.2 percentage points, from 14.3% to 14.5%. It worth mentioning that in terms of EBITDA margin this represents the best first half of the last four years. These results are partially reflected at EBIT level too, which increased by 0.5% to 75 ML Euro, notwithstanding higher depreciations.

Moving further down the income statement, Income Before Taxes was 62 ML Euro, 1 ML less than 2010.

Net Income ended slightly higher than last year at 33.3 ML Euro with a tax rate at 46.1%.

**Net Sales Trend**

Moving to slide number 5 we can have a in depth look at Net Sales trend.

**Piaggio Group total Net Sales** accounted for 830 ML Euro, with an increase of 9 ML Euro over 2010 notwithstanding around 16 ML Euro of negative currency effect.

**Total 2 wheels sales**, including spare parts and accessories, accounted for 579 ML Euro, just 0.6% lower than 2010 [582 ML euro]. At business level, scooters sales decreased by 24 ML Euro, -5.8% over prior year, whilst bikes went on performing well with an increase of 16 ML Euros ,+19% over prior year.

On the other side, **total Commercial Vehicles sales**, including spare parts and accessories, increased by 5% to 251 ML Euro from 239 ML Euro in 2010.

**2 wheels Western Countries sales**, which include European and American sales, accounted for 510 ML Euro, with a slight decrease of 1%; a remarkable outcome given the actual weak economic scenario. This result came from diverging dynamics:

- an increase by 7% to 327 ML Euro of European countries excluding Italy
- an increase of 8 ML Euro of American sales ,+64%, which reached 21 ML Euro
- a decrease of 17.5% to 161 ML Euro of Italian sales, mainly driven by a scooter market decline of around 18%. I remind you that the results of Italy were penalized by an unfavorable Year on Year comparison base, as 1Q10 still benefitted from state incentives.
2 wheels Asian sales increased by 3% to 69 ML Euro, notwithstanding 9 ML euro of negative currency effect and the different product sale mix compared to last year.

Commercial Vehicles altogether increased from 239 ML Euro to 251 ML Euro, thanks to the contribution of our Indian sales that grew by 12% notwithstanding the negative exchange rate effect, around 8 ML Euro.

Overall, looking at the geographical mix of total sales, and considering both 2 wheels and Commercial Vehicles business segments, Asian revenues contribution to total sales increased from 30% in H1 2010 to 32% in H1 2011.

Total Volumes Trend
The next slide shows the overall number of units sold, which increased by almost 2% from 341K to 347K units.

Total 2 wheels accounted for 228K units with a decline of 2.2% over prior year resulting from opposite trends by geographic area:

- In Western Countries our sales declined by 6% in line with the overall weak market trend of Europe
- In Asia volumes grew by 26%, from 30K to 37K units, driven by 19% growth in Vietnam thanks to the positive market trend and the successful introduction of the Liberty on one side and the healthy sales growth outside Vietnam, namely in Taiwan and Thailand on the other side.

Moving to the breakdown by business, 2 wheels volumes were negatively affected by 3% decline of scooters sales to 203K units, 5.5K units less than the previous year. This is primarily the result of the strong contraction of the Italian market, -18% in the first half, which drove to a 18K decline in units sold.
Conversely good results came from motorcycles that with more than 25K units sold showed an increase of 2% over last year.

Moving to Commercial Vehicles, the 3 and 4 wheels units sold had an overall increase of 10%, up to more than 118K units, thanks to the Indian performance that registered an increase of 11%.

**EBITDA Evolution**

Moving to slide 7, we can have an in depth look at the EBITDA, which improved both in absolute terms and in ratio to net sales.

The EBITDA went up to 120.3 ML Euro form 117.5 in 2010 pushing the margin to 14.5% with an increase of 0.2 p.p..

This achievement came from the combination of:

- lower Gross Margin, mainly affected by negative currency effect and a higher contribution of Indian sales characterized by lower Gross Margin, but also lower operating expenses
- the on-going significant results in term of cost containment, which led to 15 ML euro of savings in Cash Operating Expenses.

**Net Income**

The next slide shows Net Income evolution, with an increase from 33.1 to 33.3 ML Euro.

This is the result of:

- an increase of the EBIT to 75 ML Euro from 74.6 ML Euro, notwithstanding higher depreciation
- an increase of 1.3 ML Euro of Financial Expenses, mainly due to unfavourable Year on Year comparison on currencies
• a decrease of Taxes of 1.2 ML Euro, for which we forecasted a rate of 46.1%, 1.2 percentage points lower than last year.

**Balance sheet**

Moving to slide 9, we can have a look at the balance sheet.

The Net Financial Position accounted for 332 ML Euro with a cash generation of 18 ML Euro compared to December 2010 and 10 ML Euro compared to June 2010. We have been able to reduce the Net Financial Position mainly thanks to the strict control on Working Capital, which more than offset higher CapEx.

To better appreciate the cash flow evolution, we can directly move to slide 10. The most significant levers of the cash generation of 18 ML Euro had been:

- Operating cash flow, which generated 68 ML Euro, coming from the P&L analysed before
- Working Capital, which decreased by 22 ML Euro in the first half and 34 ML Euro versus June 2010, mainly thanks to the tight control on inventories and receivables
- CapEx, which accounted for 49 ML Euro, 14 ML Euro higher than 2010 mainly due to higher spending for industrial facilities; in particular the Group is building up new plants: in India for 3 / 4 wheels capacity increase and for the new Vespa plant and in Vietnam for the new engine plant
- Dividend payment of 26 ML Euro, in line with last year

I thank you for your kind attention.

We have finished our presentation and we are ready for your questions.

July 27th, 2011