



Piaggio Group

First Nine Months of 2011 Financial Results

Conference Call
October 27th, 2011



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Key Facts (1/2)

Nine Month results confirmed Piaggio strategy is consistent with global market dynamics

- Emerging Markets continuing to grow at a double digit rate
 - Vietnam scooter market +33% vs prior year
 - India 3/4 wheeler market at +14% and 2 wheeler at around +20%
- Western Markets stable or decreasing, especially Italy and Spain

Piaggio position in the market is very strong...

Resilient performance in Western Countries

- Market share increase in Europe, both in scooters (up to 27.5%) and bikes (6.6%), confirming Piaggio leading position
- Growth in Net Sales of Bikes (+20%) for the third consecutive quarter
- Revenues in America growing again (+60%)
- Discipline on pricing and credit policies

Good performance in India

- Net Sales increased by 6.4%
- Strong growth in 3W Cargo segment and stable performance in Passenger; launch of new Apé City in August 2012
- Growth in 4W Sub 0.5 Ton segment; opportunity to play a stronger role in the Sub 1 Ton segment to be pursued
- Industrial and development investments to launch Vespa in April 2012 on track

Strong growth in Asia Pacific

- Acceleration of growth in Vietnam coupled with market share increase (up to 18%, +4 pp)
- Well on track with expansion in new markets - Indonesia launched in July 2011 (6K units already sold)
- Very high Gross Margin despite enlargement of product range and geographical presence and negative currency effect



...leading to an increase in Net Sales

- Net Sales up 2% in real terms and around 4.5% excluding negative Forex effect
- Growth underpinned by Emerging Markets (+31% in Asia Pacific, +47% net of Forex; +6.5% in India, +12% net of Forex)
- Contribution of Emerging Markets on total sales increased by 3 pp

Significant cost efficiencies offset one-off restructuring costs, negative Forex effect and higher depreciation charges

- EBITDA and Net Income in line with prior year despite:
 - High restructuring costs around 16 €m (5 €m in 2010) to align European structures to reduced volumes
 - Negative Forex effect accounting for around 9 €m
 - Higher depreciation charges related to increased investments to foster growth in Emerging Countries

Tight control on Balance Sheet financed further CapEx to grow in Emerging Countries and generated an improvement of Net Financial Position

- Healthy cash flow generation from operations (also including restructuring and severance payments)
- Strict control on Working Capital (noteworthy on Receivables and Inventories in the current weak Western Markets)
- Strong increase in strategic CapEx to launch new products and enlarge production capacity in Emerging Markets
- ... Overall effect of 20 €m Net Financial Position improvement vs. December 2010 and 13 €m compared to September 2010



Net Income in line with PY despite significant one-off restructuring costs; NFP improved even with a strong increase of growth CapEx

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€m	9M 2010	9M 2011	Change 2011 vs. 2010		
			Absolute	%	% excl. FX
Net Sales	1,176.3	1,200.2	+23.9	+2.0%	+4.5%
Gross Margin	380.3	367.6	(12.7)	-3.3%	-0.1%
<i>% on Net Sales</i>	32.3%	30.6%	-1.7%		
EBITDA	172.3	170.4	(1.9)	-1.1%	+4.0%
<i>% on Net Sales</i>	14.7%	14.2%	-0.5%		
Depreciation	(64.2)	(67.8)	(3.6)	+5.5%	
EBIT	108.1	102.7	(5.5)	-5.1%	+3.7%
<i>% on Net Sales</i>	9.2%	8.6%	-0.6%		
Financial Expenses	(19.5)	(16.7)	+2.8	-14.2%	
Income before Tax	88.7	85.9	(2.7)	-3.1%	
Tax	(41.9)	(39.6)	+2.3	-5.5%	
Net Income	46.7	46.3	(0.4)	-0.9%	
<i>% on Net Sales</i>	4.0%	3.9%	-0.1%		

NFP

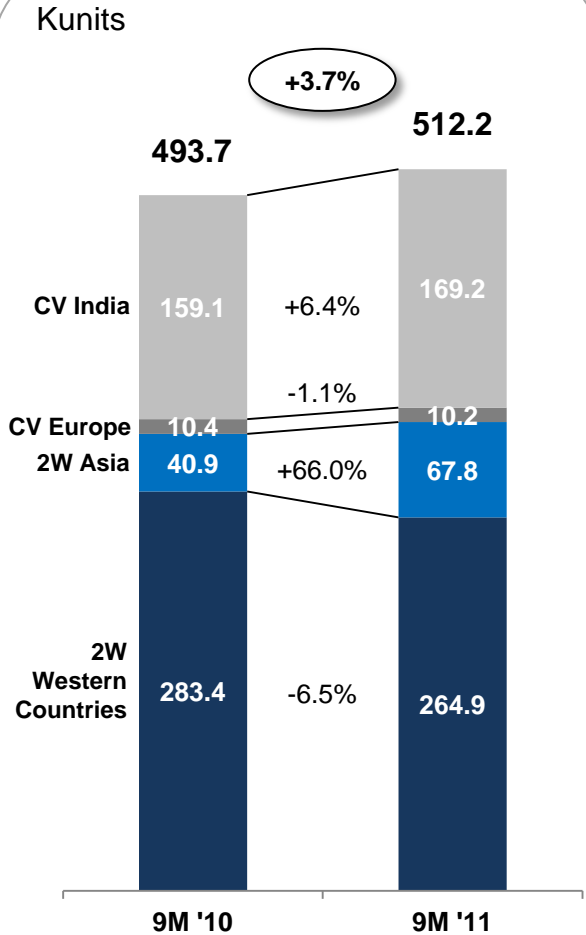
€m	2010	9M 2011	Change 2011 vs. 2010	
			Absolute	%
Net Financial Position	(349.9)	(330.1)	+19.8	-5.7%

Further improvement of financial performance excluding negative Forex effect

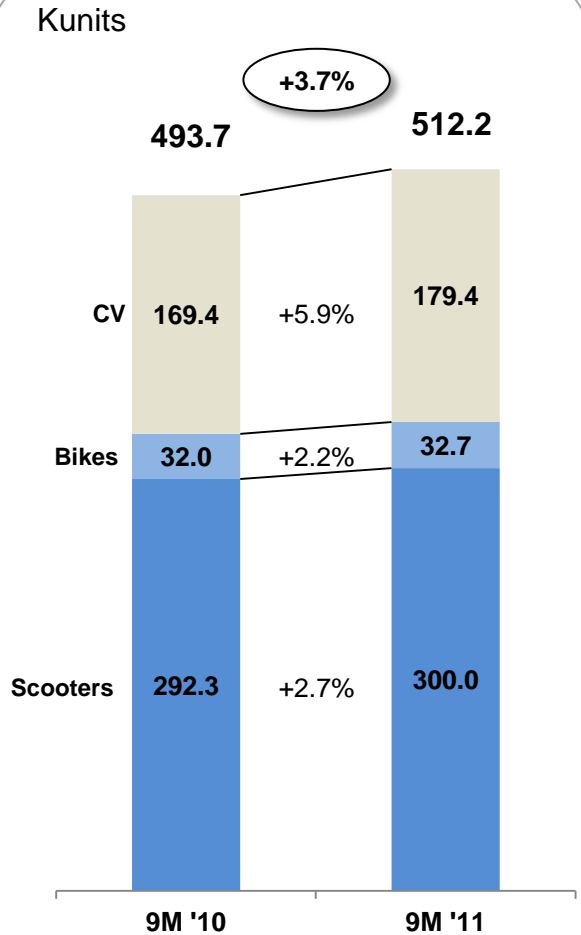


Increase of Volumes came from Emerging Markets with 2W Asia growing at double digit rate; Western Countries decreased less than the market

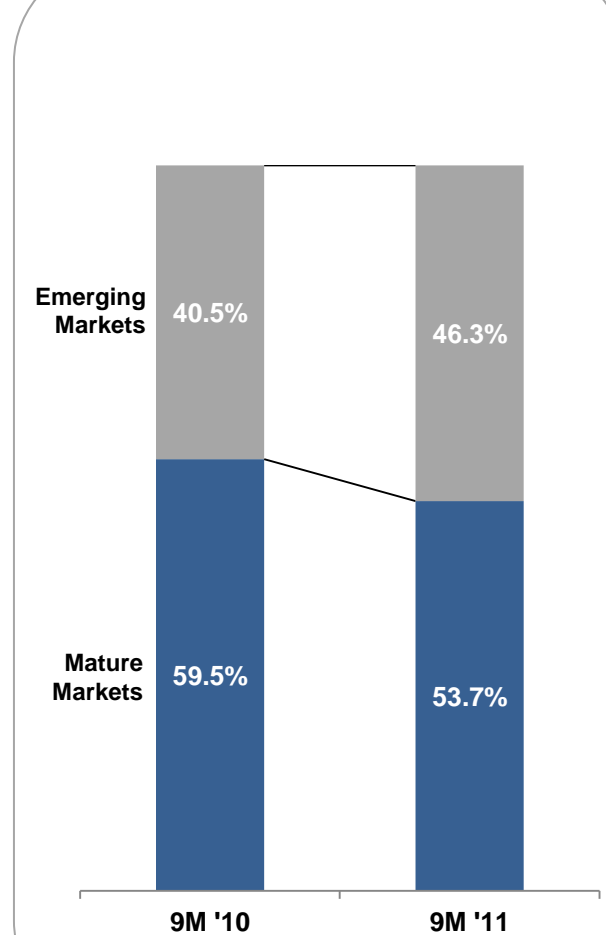
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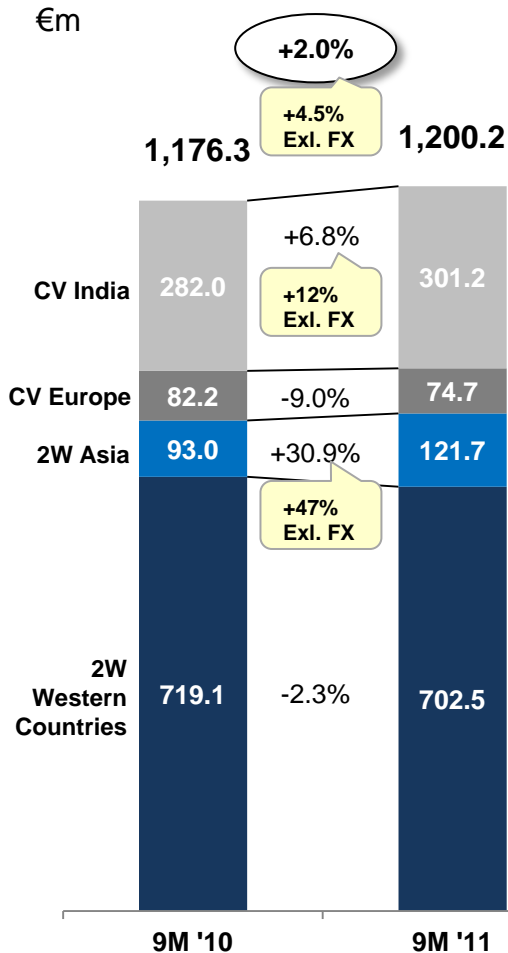
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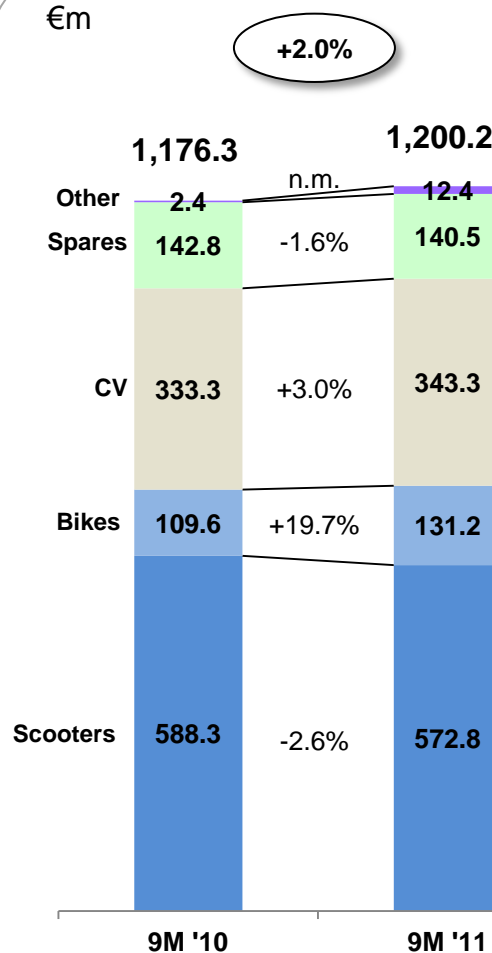


Strong sales in Emerging Countries more than offset weak Western Markets leading to an overall 2% growth; ongoing good performance of Bikes

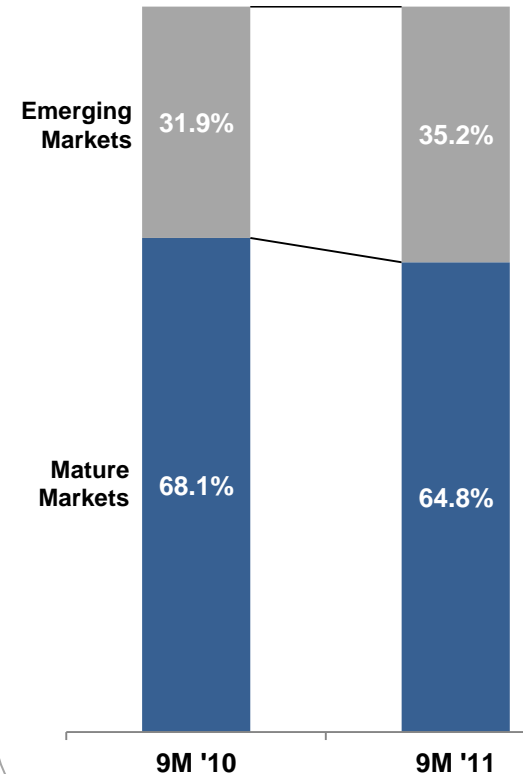
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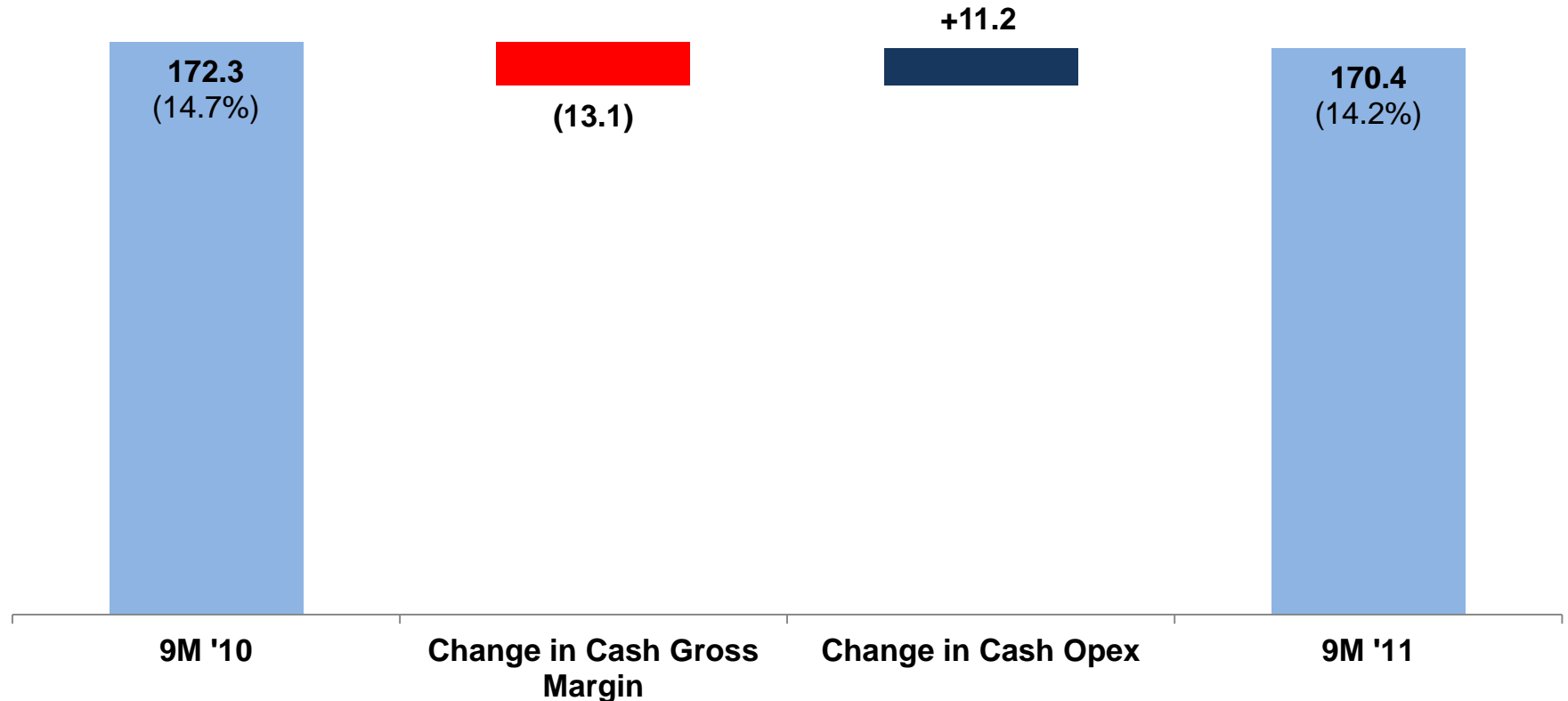
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Financial performance in line with PY even after one-off restructuring cost of 16 €m vs 5 €m in 2010 and negative Forex effect of around 9 €m (1/2)

EBITDA evolution (€m)

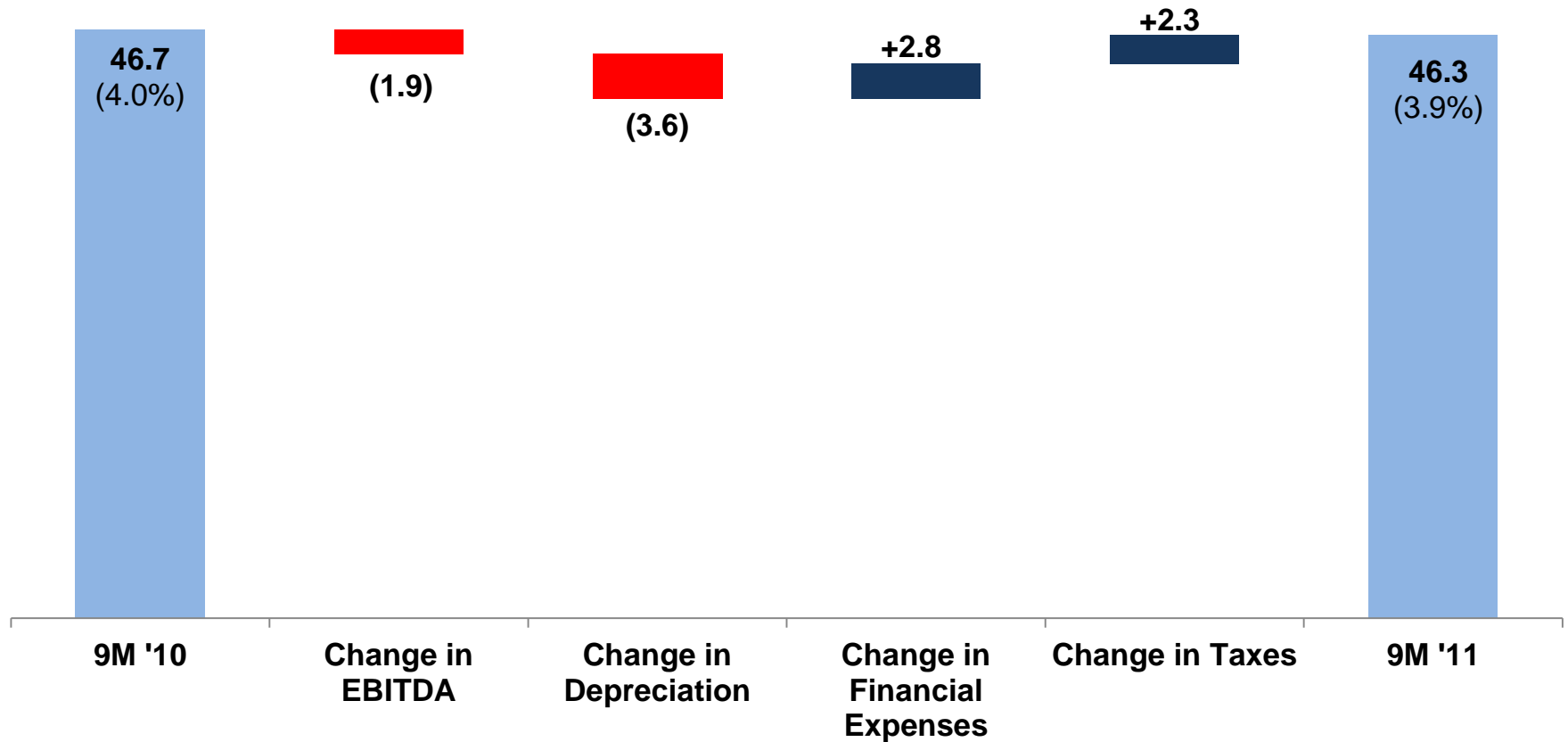


Group profitability will benefit in the future from lower fixed costs in European Markets



Financial performance in line with PY even after one-off restructuring cost of 16 €m vs 5 €m in 2010 and negative Forex effect of around 9 €m (2/2)

Net Income evolution (€m)



Consolidation of Chinese JV results valued at Equity had a positive impact of 3 €m on Financial Income substantially offsetting the increase in Depreciation due to growth CapEx in Emerging Countries

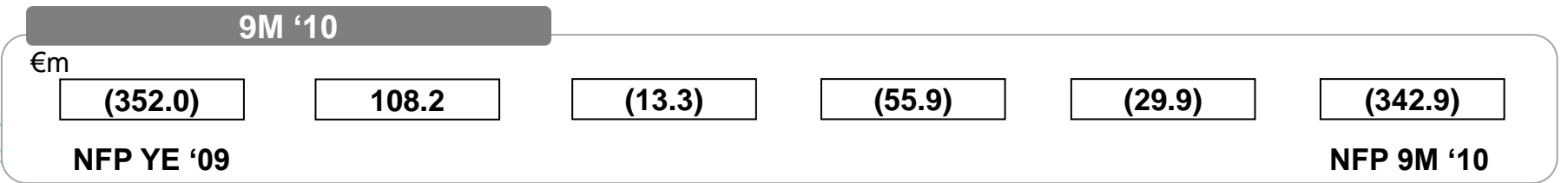
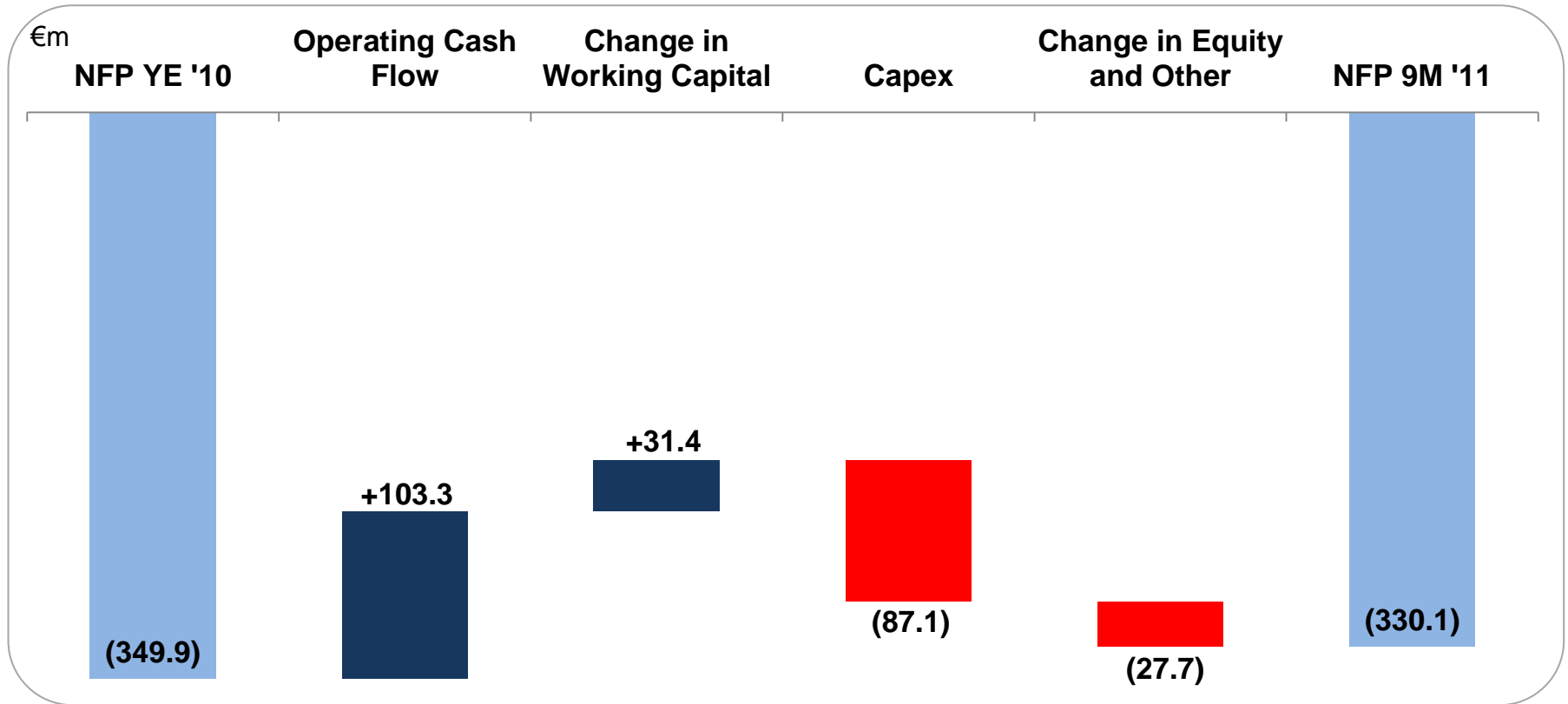


Tight control on Working Capital allowed improvement on NFP while financing the increase of CapEx for international expansion (1/2)

€m	2009	9M 2010	Chg. '10 vs '09	2010	9M 2011	Chg. '11 vs '10
Trade Receivable	99.0	130.4	+31.4	78.0	123.6	+45.6
Inventories	252.5	267.5	+15.0	240.1	256.9	+16.9
Commercial Payable	(341.8)	(374.1)	(32.3)	(340.3)	(402.7)	(62.4)
Other assets/liabilities	7.5	6.7	(0.8)	31.1	(0.4)	(31.4)
Working Capital	17.2	30.6	+13.3	8.8	(22.5)	(31.4)
Tangible Fixed Assets	250.4	244.2	(6.2)	256.8	267.4	+10.7
Intangible Fixed Assets	641.3	644.4	+3.1	652.6	648.5	(4.1)
Financial Investments	0.6	0.5	(0.1)	0.5	3.7	+3.2
Provisions	(133.7)	(131.0)	+2.7	(125.9)	(115.1)	+10.8
Net Invested Capital	775.8	788.6	+12.9	792.8	782.1	(10.8)
Net Financial Position	352.0	342.9	(9.0)	349.9	330.1	(19.8)
Equity	423.8	445.7	+21.9	442.9	451.9	+9.0
Total Sources	775.8	788.6	+12.9	792.8	782.1	(10.8)
NFP/Equity	0.83	0.77		0.79	0.73	



Tight control on Working Capital allowed improvement on NFP while financing the increase of CapEx for international expansion (2/2)





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