

PRESS RELEASE

PIAGGIO GROUP: OFFICIAL OPENING OF NEW VIETNAM FACTORY

Hanoi, 1 March 2012 – In Vietnam today the Piaggio Group is officially launching a decisive new phase in the development of its operations in the Asia Pacific area, with the opening of a **new engine factory** to serve its made in Vietnam production, whose capacity will rise to 300,000 vehicles/year.

The factory opened today in the **Vinh Phuc industry park near Hanoi** will build scooter engines; its initial production capacity will be more than 200,000 engines/year, rising to 300,000 as the production capacity of the vehicle plant increases.

The opening ceremony was attended by Italy's Foreign Minister, **Giulio Terzi di Sant'Agata**, the Italian Ambassador to Vietnam, **Lorenzo Angeloni**, the Deputy Prime Minister of the Socialist Republic of Vietnam, **Hoang Trung Hai**, and the director of the Vietnamese Economic Department, **Nguyen Cao Luc**. The President of the Tuscany Region, **Enrico Rossi**, was also present. Piaggio Group Chairman and Chief Executive Officer **Roberto Colaninno** led a delegation of Piaggio Group senior managers, including Group Deputy Chairman **Matteo Colaninno** and **Immsi S.p.A. CEO Michele Colaninno**.

During the ceremony, **Roberto Colaninno** said: "Today is a very important event for our Group. It is based on the success achieved by Piaggio Vietnam since 2009 and lays the foundation for a new phase in our expansion strategy in South East Asia. The results reported by the Piaggio Group last year validate our global growth strategies, which identify Asia as the key to Group growth in the next few years, by virtue of the rapid urbanisation of the main Asian nations and rising consumer purchasing power."

The **new engine factory** – where production operations will begin in April – will include, in addition to the scooter engine assembly lines, aluminium machining equipment and test benches. The new Piaggio Group plant stands next to the **Piaggio Vietnam** vehicle assembly plant, which handles all welding, painting and final assembly operations for the **Vespa, Liberty** and **Fly** scooters produced by the Group's Vietnamese subsidiary. The Piaggio Vietnam industrial complex in Vinh Phuc also houses an R&D Centre for the two-wheeler sector – the first **R&D** unit set up by the Piaggio Group in Asia – which operates synergetically with the Group headquarters in Pontedera, focusing on the vehicle and engine ranges produced for the Asian and Pacific markets.

Since beginning production in June 2009, under the leadership of **Costantino Sambuy**, who is also the **Piaggio Group's head of operations in Asia Pacific**, Piaggio Vietnam has already built **more than 180,000 two-wheelers**. Besides its Vespa production (where the **100,000th** scooter since Vietnamese production began came off the production lines in the second half of 2011), the subsidiary successfully produces **Liberty** high-wheel scooters. In February 2012, Piaggio Vietnam also launched the new Fly, an innovative compact scooter available in 50, 125 and 150cc versions. In addition to winning a leading role in the premium sector of the Vietnamese market, Piaggio Vietnam has enabled the Group to move into very important new markets in South East Asia, notably **Indonesia, Thailand, Taiwan and Malaysia**.

"The engine plant opened today will also produce a new global range of scooter engines developed by our Group for manufacture in Italy, Vietnam and India," said **Roberto Colaninno**. "These are four-stroke, three-valve 125 and 150cc engines with a capacity of 60 kilometres per litre, whose emissions and fuel consumption are among the lowest in the world."

The **investments** planned by the Piaggio Group in Vietnam for the period **2012-2014** amount to approximately 70 million euro, on a total capex of approximately 400 million euro envisaged by the

Group business plan for 2012-2014. The Piaggio Group strategies target decisive growth in operations on the emerging markets, to reach **global sales of more than one million vehicles** in 2014, as well as a significant increase in revenues, for a **consolidated net sales target of approximately 2 billion euro** in fiscal year 2014. In terms of revenue breakdown, in 2014 Piaggio expects **Asia to account for 50% of Group revenues**, compared with 8% in 2003 and 25% in 2009.

In Asia, in the two-wheeler sector, the Piaggio Group is about to launch the special low-emission fuel-efficient **Vespa** model recently presented at the **Delhi Auto Show** on the **Indian scooter market**, where annual growth rates are particularly high. Vespa production in India is being started up in a new plant in **Baramati** – on a site that already houses the industrial complex of Piaggio Vehicles Private Ltd., the leading player on the Indian three-wheel commercial vehicle market – with initial production capacity of more than **150,000 vehicles/year**.

In fiscal year 2011 the Piaggio Group reported consolidated net sales of 1,516.5 million euro (+2.1% from 2010), EBITDA of 200.6 million euro (+1.7% from 2010), net profit of 47 million euro (+9.8% from 2010). Net debt as of 31.12.2011 was down to € 335.9 million euro (from 349.9 million euro at 31 December 2010). In 2011, the Piaggio Group reported a significant increase in **capital expenditure** – in particular for the expansion of Group industrial operations in the emerging countries – for a total of 126.1 million euro, up by 31.1% from 96.2 million euro in 2010. Of the total, 38.3 million euro were in the R&D area, which also reported expenditure of 30.2 million euro. Consequently, **R&D** expenditure and investments in 2011 increased by 8.9% from 2010.

In 2011 the Piaggio Group **shipped a total of 653,300 vehicles worldwide** (up 4.0% from 628,400 in 2010), including 415,000 vehicles in the two-wheeler business (scooters and motorcycles) and 238,300 three- and four-wheel commercial vehicles. Particularly worthy of note is the extraordinary progress in **worldwide sales of Vespa branded vehicles to more than 150,000 scooters shipped in 2011**. As a comparison, worldwide Vespa scooter sales in 2003 were approximately 50,000.

In the **Asia Pacific area**, 2011 was an extraordinarily positive year for the Piaggio Group, which reported strong growth compared with 2010, with 104,800 vehicles shipped (+75.9% from 2010) and revenues of 187.5 million euro (+40.8% from 2010). Excluding the exchange-rate effect, revenue growth in this area was 55.1%.

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