Good evening and good afternoon, and welcome to everybody.

I remind you that our presentation is available on our website.

We can start from the first 2 slides of our presentation, that show Piaggio Group 2008 Financial Statement.

Our consolidated P/L at the end of 2008 shows a total level of revenues of 1.570,1 ML Euros, with a 7,2% decrease over last year; the difference in the exchange rates accounted for about 38,4 ML, so that the change in revenues would have been -5,1% at the same rates.

The Gross Margin was 468,8 ML Euros, 5,9% less than last year, with a significant increase in terms of % to net sales, from 29,5% in 2007 to 29,9% in 2008.

The Ebitda was 189,1 ML Euros, 16,4% less than last year, with an Ebitda margin of 12,0% versus 13,4% in 2007.

The Ebit margin was 6,0% versus 8,1% of previous year, accounting for a total level of 94,5 ML Euros, while the Income Before Tax was 59,6 ML, about 42% less than last year.

As mentioned during our last conference call, the 2008 tax rate benefited from Moto Guzzi Company’s losses carried forward, and accounted for 27% on EBT in 2008 versus 42% in 2007.

Consequently, the Net Income was 43,3 ML (2,8% on Net Sales), 16,7 ML less than 2007, when it counted for 3,5% of net sales.

The debt level was 359,7 ML, 90 ML higher over December last year, after having paid 64,2 ML warrant by cash rather than by shares, after the buy-back of shares for 26,1 ML in the past rolling 12 months and after the 23,5 ML dividends payment. Without these three components, the debt level would have been 24 ML lower than year end 2007.
The Board of the Company resolved to submit to shareholder’s resolution a dividend
distribution at 6 cents/share, including the amount attributable to own shares (pursuant
to art. 2357-ter of the Italian Civil Code).

**Net Sales Trend**

If we move to the next slide we can appreciate the Net Sales Trend, starting from the
sales trend by geographic area.

European sales were affected by the decrease in the 2W market, that registered in the
year 2008 a 5,7% reduction cumulatively for scooter and motorcycle; the scooter
segment reduction, in particular, was 2,4%, while the motorcycle segment decreased in
2008 by 10,4%. The total level of Group European sales was 1.167,1 ML Euros, with a
10,8% decrease over last year.

Compared to last year results, the major differences were in Spain (-36%), UK (-20%),
having on the opposite side some positive performances like Germany for example
(+3%).

The extra European sales accounted for 403,0 ML Euros, with a total increase by
almost 5% and with a contribution to total sales that grew from the 22,7% in the
previous year up to 25,7% in 2008.

More in detail, looking at the different regions, Indian sales were 244,0 ML Euros, with
a 6 ML increase that means 2,5% more over last year (without change in the exchange
rate, such increase would have been 15% vs 2007, that is 31 ML more). We reached
this sales increase despite the overall Indian market, which had a decrease in 2008 of
approximately 6,0%, concentrated on the 3 wheels segment (-8,6% vs 2007), while the
4 wheels segment maintained a positive trend (+1,0% toward 2007).

The American sales were 95,0 ML Euros, with an almost 20% increase that means
15,7 ML (also in this case, at the same exchange rate of 2007, the change would have
been significantly higher, 6 ML Euros more, that means +27% vs 2007).
The Asia Pacific sales, after a positive 1H, showed a slow down in the second half of 2008, due to the deteriorating macro-economic scenario (the overall market decrease of the Asia Pacific area, in 2008 vs 2007, accounted for -11,5%, with worst performances for Thailand, -25%, and Japan, -24%). As a result, Piaggio Group sales were down to 45,6 ML Euros, that means -12,4%.

The following slide shows the net sales in terms of **business segment and brands**.

**Scooter** sales were about 795 ML, with a 6,9% decrease compared to 2007, with a contribution to total revenues of 50,6% (stable compared to 50,5% of 2007), where has to be mentioned the Derbi brand performance, with a +27% over last year scooter sales. The global average price, at Group consolidated level, had an increase by 4,0% compared to 2007.

The **Motorcycle** sales were about 210,1 ML Euros, lower by almost 17% than previous year, decrease mainly coming from Moto Guzzi brand (-26%).

The **Light Commercial Vehicles** revenues (considered cumulatively, that is including both European and Indian sales) reached 353,5 ML Euros, with a 2,9% increase, with a contribution to total sales that grew from the 20,3% in the last year to 22,5% in 2008.

Going into details, the European Commercial Vehicles registered a 3,9% increase (despite a market that decreased by 10%) while the Indian sales increased by 2,3% compared to 2007 (including the exchange rate impact already mentioned).

The **Spare Parts** sales were 190,3 ML Euros, down form 196,7 ML in 2007, with a growth in terms of percentage over total sales, from 11,6% to 12,1%. Other revenues were 21,2 ML, with a 23,8 ML decrease, mainly due to the decreased volumes of BMW contract.

In terms of brands, Piaggio sales registered a 5,2% lower level over previous year, while Piaggio Commercial Vehicles sales increased by 2,4%; Aprilia sales, excluding the above BMW contract reduction, were -18,7% lower than 2007, while Guzzi’s sales had a 17 ML decrease, out of which 15 ML coming from the 1st H.
**Total Volumes Trend**

The next slide shows the trend of sales in terms of volumes. The overall units sold were 648,6k, decreasing by 8,5% compared to 2007. The **scooter** units sold decreased to 405,7k, that means -10,5%. In terms of displacement, the 50 cc scooters accounted for 45,4%, at the same level of 2007.

**Motorcycles** units sold were 62,6k, 10,4k less than previous year, that means -14,2% . Such a decrease was mainly coming from Derbi motorcycles, which accounted a 4k units less, Aprilia with 3,2k units less, and from Moto Guzzi which sold 2,2k units less.

The **Light Commercial Vehicles** had a 2,4% increase, up to about 178,1k units, that means 4,2k units more over last year. Indian sales grew by 3,0%, up to 158,9k units, with 4,5k more than 2007, while European sales were almost stable (about 300 units less than 2007).

**Ebitda Evolution**

Going on to the next slide, we can see the Ebitda evolution, which was 189,1 ML Euros, 37 ML less than previous year. Such a decrease includes a reduction for the gross margin by 29,5 ML in absolute terms (while I remind you that the industrial profitability, that is the gross Margin % on net sales, increased from 29,5% in 2007 to 29,9% in 2008). The main components of such a decrease were:

- About 36 ML coming from the lower level of sales;
- About 11 ML as the negative net impact (that means revenues less cost of goods sold) coming from the different exchange rate;
- About 13 ML positive impact from the increased level of low cost countries sourcing;
- 4 ML positive impact coming from the reduction of production costs, including raw materials, energy, labour.

The low cost countries supplies accounted for 19,1% over total supplying, with a 2,3% increase over last year, excluding Indian operations and vehicles and engines
manufactured by our Chinese j.v., that accounted for a total value of 69,4 ML Euros corresponding to 64 K vehicles and 78 K engines delivered.

The operating expenses were 12,5 ML higher than last year, and they include a 6,3 ML increase in R&D amortization and a 8,0 ML increase for severance pay adjustments (the Italian so-called “TFR”, according to IFRS principles), so that the cash opex were 1,8 ML Euros lower than 2007.

**Net Income**

The next slide shows the Net Income evolution.

The Net income 2008 resulted 43,3 ML, accounting for 2,8% on total sales, with a total reduction of 16,7 ML from 2007. The reduction came from:

- 42,1 ML Ebit reduction, that includes the Ebitda change (37 ML Euros lower than 2007) plus a 5,0 ML net increase in amortization, entirely due to R&D projects referred to new products;

- the financial expenses, that were 1,8 ML higher than 2007 and accounted for 2,2% over total sales; this total amount includes the increase coming from higher average interest rates and higher average net debt in 2008 compared to 2007, partially offset by other efficiencies;

- regarding the tax level, it may be useful to repeat what we told in the last conference call following the 3rd Q financial results: the actual 2008 tax rate of 27,3%, substantially lower than the 42% of the last year, comes from the one-off benefit due to the forecasted accrual, as per IAS guidelines, of the tax asset, mostly relevant to Moto Guzzi tax losses carried forward, which will be available against future profits considering the integration of the Company into Piaggio. As a result, the tax impact was 27,2 ML lower than previous year. It's worth to be mentioned that the aforesaid asset will be reversed in the future years, when the losses will be off-set, determining an higher tax rate.
Balance sheet

The next slide shows the Balance sheet evolution.

At the balance sheet level, we can see a slight increase in net invested capital, from 741,2 ML Euros in 2007 to 757,9 ML in 2008, with a Debt to Equity ratio that increased from 57% of last year to 90% in 2008, mainly due to the payment of warrants to banks (by cash rather than by shares) and to the current year buy-back. Without this non-recurring items (the payment of warrants and the shares buy-back) the Debt to Equity ratio would have been 55,1%.

In order to better understand the financial evolution in 2008, we can go forward to the next slide.

The total cash absorption in 2008 was 89,9 ML Euros, that took the Net Financial Position from 269,8 ML year end 2007 to 359,7 ML year end 2008.

The main components of the global cash flow are the following:

1. The operating cash flow coming from the P/L that we analyzed before generated 130,0 ML (9,0% lower than previous year operating cash flow);

2. The working capital decreased by 3,3 ML. In particular:
   a. The trade receivables decreased by 30,8 ML Euro, with a slight increase in terms of DSO from 53 to 55 days
   b. The inventories increased of 32,5 ML compared to previous year, with a 14% increase in stock turnover, entirely due to the relevant market slowdown faced in the last part of the year
   c. The payables are higher for 12,4 ML versus previous year
   d. Other net current assets increased from 2,8 to 10,3 ML, mainly due to net VAT receivables.

3. The capital expenditure was 102,9 ML, growing from 91,7 ML of the previous year, and includes the spending for the new plant in Vietnam and the diesel engine project in India (compared to 2007, the additional spending for these two strategic projects accounted for 15 ML Euros)
4. Finally, the 64,2 ML warrant cash payment, the 26,1 ML for shares buy-back and the 23,5 ML dividend payment significantly contributed to the above mentioned 89,9 ML global cash-out flow (without the non recurrent items, that is the 64,3 ML warrant cash payment and the 26,1 ML shares buy-back, the 2008 total cash flow would be neutral, that is total cash-in of the year equal to total cash-out).

We have finished our presentation, thank you for your kind attention.

We are ready for questions.