

CONFERENCE CALL FIRST QUARTER 2010 RESULTS

Good afternoon and welcome to everybody.

We can start from the first 2 slides of our presentation to show Piaggio Group First Quarter 2010 results.

The net sales accounted for 341 ML Euro, with an increase of 11,2% compared to previous year. This result came thanks to the growth of our Asiatic operations (India and Vietnam) and to stable European sales, while on the other side the difficult American market scenario continued to negatively affect our American sales.

The Gross Margin was 102,5 ML Euro, 15 ML higher than last year, with a remarkable increase in terms of ratio to net sales, which grew to 30,1% in 2010 compared to 28,7% in 2009.

The Ebitda was 31,8 ML Euro, about 11 ML higher than 2009, with an Ebitda margin of 9,3% on net sales, increasing from the 6,9% in 2009, continuing the positive trend of our business profitability showed during the second half of 2009.

The Financial Expenses went down to 5,9 ML Euro from 8,4 ML in the same period of 2009.

Consequently, the Income Before Tax was 5,4 ML, 14 ML higher than previous year, and the Net Income increased to a positive 2,9 ML Euro, compared to a negative result of 4,7 ML in 2009, also taking into account a 47% forecasted tax rate.

Accordingly to these results, the Net Debt level at the end of March 2010 was 423 ML Euro, increased from the 352 ML of December 2009 (a positive result taking into

account the typical cash absorption of the first quarter of the year due to the production peak of the seasonality) and 24 ML Euro lower compared to March 2009.

Net Sales Trend

Moving on to slide number 5 we can take a deeper look at the Net Sales trend.

Piaggio Group total Net Sales accounted for 341 ML, Euro with an increase of 11,2% over 2009.

Total 2 wheels sales accounted for 220 ML euro, including spare parts and accessories, 11 ML Euro higher than 2009 (that means +5%), while **total Commercial Vehicles sales** increased to 120 ML Euro from 97 ML Euro of 2009 (+24%).

2 wheels European sales were almost stable at 182 ML Euro (compared to a total 2 wheels European market decrease of 11%) thanks to the increase in Piaggio European market share [*and to the rebalancing of our dealer stock level*].

The decrease of the 2w market continued to affect almost all the European countries, at different paces, starting from Italy, both in scooter and motorcycle segments, with very first signs of recovery coming from Spain, Benelux [*and Greece: 2009: 16,6k → 46,6ML; 2010: Q1 Δ Rev. -4,5%*] starting from March 2010.

2 wheels Asian sales were up to 34 ML Euro, from 6,5 ML of 2009, mainly thanks to our Vietnamese Operations, that I remind didn't start before June 2009.

2 wheels American sales accounted for 5 ML Euro, following the significant downturn registered in the American market (both scooters and bikes) that continued also in these first months of 2010.

Commercial Vehicles altogether increased from 97 ML of 2009 to 120 ML in 2010, thanks to the contribution of our Indian sales that grew by 42% compared to previous year, in line with the strong growth of the Indian market [*and to a limited but positive contribution of the revaluation of the Indian rupee that accounted for 1,6 ML Euro on net sales*].

Overall, looking at the geographical mix of total sales, and considering both 2 wheels and Commercial Vehicles business segments, extra European revenues contribution to total sales increased from 31% in 2009 up to 37% in 2010.

In terms of businesses, the 2 wheels increase of 5% over last year came thanks to the scooter segment (which registered a +8,4% over the same period of 2009) off-setting the decrease of the motorcycle sales, with a -2% compared to 2009.

Spare parts and accessories went up by 2,7%, to a total amount of 40 ML Euro.

[Finally, a brief mention to the change in the currency rates year over year, that impacted negatively by more than 2 ML over total revenues, with the devaluation of Vietnamese Dong compared to Euro from one side partially offset by the benefits coming from the revaluation of Indian Rupee and US dollar on the other side.]

Total Volumes Trend

The next slides shows the overall number of units sold, that increased from 120k to 144K units, that means an about 20% increase over 2009.

Going into details, scooters volumes were up to 78K, 9k units more than previous year, [with a significant growing weight of the over 50cc segment (increasing from 55% in Q1 2009 up to 62% in 2010)].

Good news came also from the motorcycle business, with 10 K units sold, that means a +4% increase compared to previous year.

[In terms of average unit price in 2 wheeled business, we registered a slight decrease in the first months of the year; in particular:

- *In scooter segment [by 5%] due to the decrease of the contribution of higher displacement (over 125cc) scooters on our sales*
- *In motorcycle segment [by 6%] due to a mix effect following the growing contribution of Derbi brand on total sales]*

Coming to Commercial Vehicles, the 3 and 4 wheelers units sold had an overall 32% increase, up to about 56 K units, thanks to the Indian performances that registered an increase of 38%; [in this business, we had an average unit price increase both in Europe (3%) and in India (3%), as a combined result coming from product mix and price increase].

EBITDA Evolution

Going to slide 7, we can see the Ebitda evolution, with a significant increase both in terms of total amount and of ratio to net sales. The EBITDA registered a 11 ML increase, up to 31,8 ML Euro from 21,0 in 2009, continuing the positive trend already showed in the second half of 2009, and gaining a remarkable profitability level of 9,3% in terms of EBITDA margin. This increase was obtained thanks to an increased product profitability, with a 1,4% increase in the gross margin (from 28,7% to 30,1%) mainly coming from purchasing efficiencies and from positive contribution of the increased 2W Asian sales.

In addition, and on the other side, higher operational expenses, increased in the total amount but decreased in terms of ratio to net sales from 24,6% in 2009 to 23,2% in 2010, have to be taking into account, driven by the *[higher net sales of 2010 compared to 2009]* start-up and the growth of our Asiatic operations.

Net Income

The next slide shows the Net Income evolution, which accounted for a total amount of 2,9 ML Euro compared to the negative 4,7 ML registered in 2009.

The Ebit increased to 11,3 ML Euro, together with a growing EBIT margin from 0,1% of March 2009 to 3,3% in 2010; the 11 ML EBIT increase comes from the increase in net sales together with the better performances in terms of product profitability.

The Financial Expenses showed a 2,5 ML Euro reduction in the Quarter compared to last year, thanks to the decrease of the cost of debt (also thanks to the new bond issued in 2009) and to the lower average debt amount in the period.

At a tax level, we forecasted a 47% consolidated tax rate, compared to the 43% used in the First Quarter of 2009. Furthermore, as the EBT was negative in '09, accordingly to IFRS accounting stds, taxes were negative on PY P/L, and these are the reasons of the 6ML increase over last year.

Balance sheet

Moving to slide 9, we can have a look at the balance sheet, where we can see how the increase in the Working Capital, typical of the first Quarter of the year, led to a consequent increase in the Net Invested Capital and of the Financial Debt compared to December 2009, from 352 ML to 423 ML Euro.

Comparing the debt as of March of 2009, we can see it decreased by about 24 ML in the 12 months period.

To better appreciate the cash flow of the First Quarter of 2010, we can directly move to slide 10: the cash absorption was 71 ML Euro, (compared to the 87 ML of 2009). The main components of such evolution were:

1. The operating cash flow, which generated 21,7 ML Euro coming from the P/L analyzed before (compared to the 15,4 ML Euro generated in the first 3 months of 2009, with a 40% increase;

2. The working capital increase by 76 ML Euro (compared to the 84 ML increase in 2009) in line with the business seasonality and consequent peak of production and inventories in this quarter of the year;
3. The 15 ML Euro in capital expenditure, in line with our yearly capex plan.

I thank you for your kind attention.

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

April 29th 2010