Good afternoon and good morning, and welcome to everybody.

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

Our 1H consolidated P/L and balance sheet show the result of the strategy that the Group resolved to adopt in order to ensure a steady growth, minimizing the risk, and as a consequence of the not positive global economic and financial situation and its impact on the market side.

More in particular:

- The negative impact coming from the decrease of the 2W European market, that was a 4% lower for scooters and almost 8% for motorcycles, was reduced by the positive performance of the American market and of the Indian 4W market, that more than offset the decrease of the 3W one; so, we can say that the push towards a larger geographic footprint together with product diversification is confirming its validity;

- Furthermore, the strong focus upon the industrial efficiency led the Group to reduce the average industrial cost per unit, notwithstanding the raw materials trend;

- Again, the Gross Margin reported a slight increase, that means that we did not assume to chase sales at any price, contributing to a market devaluation, but, on the contrary, we preserved its value and preserved the quality our turnover;

- And, at last but not least, we continued to ensure a solid financial structure, which allows the Group to go on with no delays on the new important development projects and on the strengthening of the internal operative infrastructure,

Now we can start directly from the 2nd slide of our presentation, that shows the main highlights in the six little charts.
The consolidated revenues were 900.3 ML Euros, with a 7% decrease over last year; the difference in the exchange rates accounted for about -20 ML Euros, so that the change in revenues would have been 5.1% at the same rates.

The Ebitda was 128.2 ML Euros, 12.2% less than last year, with an Ebitda margin of 14.2%, versus 15.1% in the '07 1H; the Ebit margin was 9.1% versus 11% of the previous year, accounting for a total level of 81.8 ML Euros, 23% less over last year.

The income before tax was 63.9 ML, 28% less over last year.

According to the today’s Board Resolution related to the merger of Moto Guzzi Company into Piaggio & C. Company and considering that Moto Guzzi losses carried forward are available against the future profit of the resulting company, those tax losses were recognised in the 1H as per IFRS n. 12, with a positive impact on the tax rate which dropped to 26%, determining a Net Income of 47.3 ML, 8% less than last year.

The debt level was 326.9 ML, 49.8 ML higher over last year, after the Board resolution about the payment by cash of the 63.9 ML warrant rather than by shares.

Net Sales Trend
Moving on to the next slide, we can look at the net sales trend by geographic area. The European sales decreased by about 84 ML, 39 ML in Italy and 45 ML in the rest of Europe, that means 11% less, to a total level of about 694 ML; Americas sales were 45.3 ML, 2% less over last year with a 0.9 ML decrease, that would have been a 3.2 ML increase without change in the exchange rate.

Indian sales were 11.3 ML higher, with a 10.2% increase, with a negative impact by more than 12 ML coming from the difference in the exchange rate; the rest of the world sales increased by 6 ML, that means a 18% higher, up to about 38 ML Euros.

As a consequence, European revenues contribution to total sales decreased by 3.4%, from 80.4% down to 77%.
The next slide shows the net sales in terms of business segment and brands.

**Scooters** sales were about 469 ML, with a 8.1% decrease, which means 41 ML less than previous year, with a contribution of 52% to total revenues. All brands reduced their scooter sales, with the exception of the Spanish brand Derbi, whose revenues increased by 35%. The global average price showed a slight increase by almost 1%

On the **motorcycle** side, sales were lower by 11.5%, down to 138.7 ML, 18 ML less than previous year. Again, only the Derbi brand registered an increase in sales by 4%

The **Light Commercial Vehicles** revenues reached 181.5 ML with a 6.5% increase, notwithstanding the 12 ML negative impact for the change in the Rupee rate, with a global increase by 11 ML, including an increase by about 1% for European sales, whilst Indian sales were higher by 10%. The contribution of Light Commercial Vehicles to total revenues grew from 17.6% of '07 1H up to 20.2% as of current year 1H.

The **Spare Parts** sales were 98 ML, about 2 ML less over last year, while other revenues were 13.4 ML, about 18 ML less over last year, almost entirely due to the decreased volumes of BMW contract (1.8k units versus 6.8 in '07 1H).

In terms of **brands**, all of them reduced their sales but Derbi, which grew up to 40 ML with a 7.4% increase. Piaggio registered a 3.8% lower level over previous year, that means 21.5 ML less, and Aprilia was 34 ML lower than 2007, that means 16%, including the above mentioned decrease in the BMW contract for 15 ML. Guzzi sales had a 15 ML decrease, that means a 30% less, registering however some first signals of recovery in the 2Q, also thanks to the new V7 launch.

**Total Volumes Trend**

The next slide shows that the overall number of units sold was almost 6% lower than last year, with a total number of 372.7 units.

The scooter units sold decreased to 239.3 ML, that means an 8.6%, due to Piaggio and Aprilia lower units sales, respectively 18k and 5k less over last year; in terms of displacement, the mix registered a shift towards the 50cc. units by 0.9%, accounting for
45% over total sales. Motorcycles units sold were 3k less than previous year, out of which 1,9k due to Guzzi, with a total figure of about 40k. Aprilia sales were the same year over year.

The Light Commercial Vehicles had an about 9% increase, up to 91,8k units sold, with an 1,6% reduction for European market and a 10,4% increase in India, which sold 81k units, that means about 9k units more over last year, half of which are related to the 4 wheeler units increase.

**Ebitda Evolution**

Going on to the next slide, we can analyze the Ebitda evolution, which registered a 17,7 ML decrease to 128,2 ML, that includes a Gross Margin reduction by 20,4 ML, almost entirely due to the lower level of sales. It’s worth to be mentioned that a further purchasing efficiency was registered. In fact the low cost countries supplies accounted for 21% over total supplying, with a 4,2% increase over last year, excluding Indian operations and vehicles and engines manufactured by our Chinese J.V., that accounted for a total value of 37,3 ML, corresponding to 31k vehicles and 52k engines delivered. The impact from renegotiations including raw materials trend impact accounted for about -0,3% over total purchasing. Again, the change in the exchange rate at the GM level was almost entirely balanced, as it was less than a 1 ML loss year over year.

**Net Income**

The next slide shows the Net Income evolution with a 4,2 ML reduction over last year. This is made up by the Ebit 24,6 decrease, that includes the Ebitda evolution plus the 6,9 ML increase in amortization, that is almost entirely due to R&D projects amortization, referred to new products, that I remind you we amortize in a 3 year period.
The financial expenses were almost at the same level of the last year, 1.7% higher, and include the impact of higher interest rates; anyway, they continue to have a less than 2% impact over total revenues.

At the tax level, comparing the 2008 1stH with 2007, we had a significant decrease coming from an expected 2008 tax rate of 26% which is substantially lower than the 42% of the last year.

The lower tax rate results 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 above mentioned merger.

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**

At the balance sheet level, we can appreciate a net invested capital at the same level of the last year, and a change in Debt to Equity ratio, from 59% to 76% with a 17% increase, that includes a 23% increase due to the cash payment of warrants to the banks rather than by shares, as accounted up to 2008 1Q.

In order to better understand the financial evolutions in the 2008 1H, we can move to the next slide. The cash absorption in the 1H was 57 ML, including the 64 ML payment for warrant, and leads to a NFP level of 326.9 ML.

The main components are the following:

1. The operating cash flow coming from the P/L generated 86.7 ML, and we analyzed it before;
2. The Working Capital increased by 19 ML, entirely due to some finish products inventories increase that will be recovered in the next months;
3. The capital expenditure accounted for 37.6 ML, 4.5 ML lower than last year, as a consequence of a strict focus on product related capex for the best optimization in spending, maintaining a high pace for the main 2 development projects, that is Vietnam new plant and diesel engine project in India.
4. Finally, a 23,3 ML dividend payment and 2,9 ML cash out for buy back contributed to the above mentioned 57 ML debt increase.

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

Thank you for your kind attention.

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