PRESS RELEASE

PIAGGIO GROUP: FIRST HALF 2012

Consolidated net sales € 764.1 million (830.0 million in H1 2011)

EBITDA € 114.4 million (121.0 million in H1 2011)
with EBITDA margin 15.0% (14.6% in H1 2011)

Gross industrial margin € 236.3 million (253.2 million in H1 2011)
30.9% of revenues (30.5% in H1 2011)

EBIT € 71.7 million (75.6 million in H1 2011)

Net profit € 33.8 million (33.7 million in H1 2011)

Net financial position € -384.0 million

Mantua, 27 July 2012 – At a meeting today in Mantua chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the half-year report at 30 June 2012.

The performance of the Piaggio Group was positive in absolute terms and particularly significant considered in the context of the enormous difficulties of the worldwide macroeconomic and market scenario. In the first half of 2012 the Piaggio Group found itself dealing with very weak demand on the European two-wheeler market, as well as slowdowns on some of its key Asian markets and a generalised decline in the light commercial vehicles sector.

Despite these difficulties, the Piaggio Group's performance reflects the ongoing consolidation of its European leadership in the two-wheeler business and strong progress in the USA, a two-wheeler market where demand is growing. In Asia, the Group continued to reap the rewards of the investment, production and sales & marketing globalisation strategy implemented since 2003. Meanwhile, rigorous measures to cut costs and boost productivity enabled the Group to maintain high – if not improve – profitability levels, and without slowing implementation of the global expansion strategies laid out in the 2011-2014 Business Plan.

Group **consolidated net sales** in the first half of 2012 were 764.1 million euro, compared with 830.0 million euro in the year-earlier period.

In the first six months of 2012, worldwide the Piaggio Group shipped a total of **315,400 vehicles,** compared with 346,500 vehicles in the first half of 2011.

In the **two-wheeler business**, in the first six months of 2012 the Piaggio Group shipped 216,700 vehicles, for revenues of 561.9 million euro (227,700 two-wheelers and 578.7 million euro in the first half of 2011).
The decline in sales in **Europe** – where the two-wheeler market as a whole slackened by 16% in scooters and 13% in motorcycles compared with the first half of 2011 – was counterbalanced in part by the Group's strong growth in the **Asia Pacific** area, where its sales and revenues improved by 36.6% and 38.3% respectively, and in **America**, where sales and revenues progressed by 42.8% and 111.5% respectively. On the US market, the Piaggio Group established itself as outright leader in over 50cc scooters, with a share of nearly 36%, and consolidated its leadership in two-wheelers in Europe with a 19.4% share of the total market (+0.4 percentage points from the first half of 2011) and 28.6% in scooters (+1.2 percentage points).
Sales on the Indian market of Vespa scooters produced in the new Baramati factory, which began shipping in May 2012, totalled approximately 5,000 vehicles, slightly above initial projections.

In the **commercial vehicles business,** Group sales reflected the simultaneous downturn on all its core markets (with overall declines of more than 38% in Italy and approximately 13% in Europe, and a fall of 4.6% on the Indian three-wheeler market). In this business, the Piaggio Group sold a total of 98,700 vehicles in the

first half of 2012 (-16.9% from the first half of 2011) for revenues for the period of 202.2 million euro (-19.6%).
On India's domestic three-wheeler market, **Piaggio Vehicles Private Ltd.** (PVPL) had a market share of 34.5%.

The **industrial gross margin rose** to **30.9%** of net sales (30.5% in the year-earlier period). In absolute terms, it was 236.3 million euro, down by 6.7% from the first half of 2011 (253.2 million euro).

Similarly, the **EBITDA margin** rose to 15% from 14.6% in the first half of 2011. In absolute terms, **consolidated EBITDA** in the first half of 2012 amounted to 114.4 million euro, down from the first half of 2011 (121.0 million euro). Piaggio Group **EBIT** for the first half of 2012 was 71.7 million euro from 75.6 million euro in the year-earlier period; an improvement was also seen in the EBIT margin, to **9.4%, from 9.1%** in the year-earlier period.

Operating expense for the first half was 164.6 million euro, down by approximately 13 million euro from the first half of 2011 (177.6 million euro), confirming the Group's constant focus on reducing costs and maintaining high earnings and productivity levels.

In the first half of 2012 the Piaggio Group reported **profit before tax** of 56.3 million euro, compared with 62.5 million euro in the year-earlier period.

The first half of 2012 closed with **net profit** of 33.8 million euro, up from 33.7 million euro in the first half of 2011.

Net debt at 30 June 2012 amounted to 384.0 million euro. Compared to the net financial position at 31 December 2011 (335.9 million euro) and on a like-for-like basis to the first half of 2011 (332.1 million euro), the increase in net debt reflected the **rise in capital expenditure**– from 48.5 million euro in the first half of 2011 to 69.7 million euro in the first half of 2012 – to support the international expansion of the Piaggio Group's industrial and commercial operations, as well as the effect of the purchase on 11 April 2012 of an **important business unit located in Pontedera,** declared bankrupt by the court of Pisa in August 2011, for an overall amount of 11.3 million euro. The purchase of this company had the effect of conserving a components production operation of strategic importance to the Piaggio Group.

Shareholders' equity at 30 June 2012 amounted to 444.4 million euro against 446.2 million euro at 31 December 2011.

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Events after 30 June 2012 and outlook

To date, no significant events have occurred since 30 June 2012.

With regard to the outlook, in an increasingly complex scenario, in the second half of 2012 the Group will continue to pursue the underlying goals of the 2011-2014 Business Plan presented on 14 December 2011.

Consequently, its objectives remain, on one hand, strong growth in productivity to generate value for shareholders, customers and employees; and, in terms of business and the various geographical areas, a development strategy consistent with the world economic scenario, focusing on strong expansion in the high-growth emerging markets, accompanied by the continuation and consolidation of the Group leadership positions on the mature markets.

Specifically the Plan envisages:
- in the Asia SEA area, the expansion of the engine and two-wheeler ranges, as well as completion of entry on to the Indonesian market and new Asian markets, assisted by an increase in production capacity at Piaggio Vietnam;
- entry on to the Indian scooter market, where annual growth rates are high, with the Vespa premium brand and the presentation (26 April 2012) of the model for the Indian domestic market, production of which began in the first quarter of 2012 at the new Baramati facility, which was officially inaugurated on 28 April 2012;

- on the mature Western markets, further consolidation of the Group's European leadership on the two-wheeler market as a whole and in the scooter sector, and growth in sales and margins for motorcycles thanks to the Aprilia and Moto Guzzi ranges;
- in commercial vehicles, maintenance of sales levels and market share in India (in part through the introduction of new 3- and 4-wheel vehicles in the fastest growing market segments) and in the emerging countries, maintenance of current market positions in Europe, and further growth in exports to African, Asian and South American markets.

As far as technology is concerned, the Piaggio Group is focusing strongly on the development – for two-wheelers and for commercial vehicles – of new highly innovative combustion engines, with sharply reduced fuel consumption and emissions. Supported by cooperation among the Group R&D centres in Europe and Asia and the world's leading universities, Piaggio will also continue development work on vehicles equipped with new-generation electric motors, as well as hybrid engines, a field where the Group is already one of the world's most advanced manufacturers.

Consistently with the Group's increasingly global industrial and commercial organisation, strong emphasis will also be given to development of an international system of expertise and research in product marketing and styling, with Group centres in Europe, Asia and the USA bringing together the top designers and marketing specialists from all Piaggio Group locations around the world.

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With effect from the first half of 2012 the Piaggio Group has elected early adoption of IAS 19 revised. Consequently, the previously published income statement figures for the first half of 2011 and the year to 31 December 2011 have been restated where necessary in this press release, to permit comparison on a like-for-like basis.

The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2, art. 154 bis of Legislative Decree no. 58/1998 (Consolidated Law on Financial Intermediation), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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Consolidated Income Statement

In thousands of euro	Note	H1 2012 Total	H1 2012 of which related parties	H1 2011 Re-stated [1] Total	H1 2011 Re-stated [1] of which related parties
Net sales	4	**764,076**	**(219)**	**830,012**	**903**
Cost of materials	5	443,299	19,626	492,258	20,751
Cost of services and use of third-party assets	6	131,312	2,014	139,588	2,026
Employee expenses	7	119,493		132,603	0
Depreciation property, plant and equipment	8	18,444		18,306	0
Amortisation intangible assets	8	24,292		27,056	0
Other operating income	9	54,864	91	65,030	251
Other operating expense	10	10,424		9,586	0
EBIT		**71,676**		**75,645**	
Share of result of associates	11	2,556		0	0
Finance income	12	1,153		2,318	0
Finance expense	12	19,382	186	14,962	158
Net exchange-rate gains/(losses)	12	329		(488)	0
Profit before tax		**56,332**		**62,513**	
Income tax	13	22,540		28,818	0
Result from on-going operations		**33,792**		**33,695**	
Discontinued operations:					
Profit or loss from discontinued operations	14				
Net profit (loss) for the period		**33,792**		**33,695**	
Attributable to:					
Equity holders of the parent		**33,734**		**33,661**	
Minority interests		**58**		**34**	
Earnings per share (in €) *	15	**0.091**		**0.091**	
Diluted earnings per share (in €) *	15	**0.091**		**0.090**	

(1) Amounts have been re-stated after application of IAS 19 revised, which, among other things, has modified the policy for recognising actuarial gains and losses with respect to employee severance entitlements and pension funds. For further information see paragraph 2.1 Accounting policies, amendments and interpretations applied as from 1 January 2012 in the "Notes to the Financial statements".

Consolidated Balance Sheet

		At 30 June 2012		At 31 December 2011	
In thousands of euro	Note	Total	of which related parties	Total	of which related parties
ASSETS					
Non-current assets					
Intangible assets	16	652,302		649,420	
Property, plant and equipment	17	302,039		274,871	
Investment property	18				
Equity investments	19	5,032		2,482	
Other financial assets	20	16,048		11,836	
Non-current tax receivables	21	1,140		976	
Deferred tax assets	22	55,026		55,726	
Trade receivables	23				
Other receivables	24	15,129	405	15,165	405
Total non-current assets		**1,046,716**		**1,010,476**	
Assets held for sale	28				
Current assets					
Trade receivables	23	140,956	1,486	65,560	2,453
Other receivables	24	31,311	6,489	28,028	6,456
Current tax receivables	21	27,449		27,245	
Inventories	25	287,776		236,988	
Other financial assets	26	0		0	
Cash and cash equivalents	27	107,340		151,887	
Total current assets		**594,832**		**509,708**	
TOTAL ASSETS		**1,641,548**		**1,520,184**	

In thousands of euro	Note	At 30 June 2012 Total	At 30 June 2012 of which related parties	At 31 December 2011 Total	At 31 December 2011 of which related parties
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to equity holders of parent	29	443,116		445,036	
Share capital and reserves attributable to minority interests	29	1,243		1,182	
Total shareholders' equity		**444,359**		**446,218**	
Non-current liabilities					
Borrowings due after one year	30	383,035	2,900	329,200	2,900
Trade payables	31	254		235	
Other non-current provisions	32	12,541		12,429	
Deferred tax liabilities	33	34,383		32,735	
Pension funds and employee benefits	34	47,492		46,603	
Non-current tax payables	35	1,339		2,539	
Other non-current payables	36	5,530		5,948	
Total non-current liabilities		**484,574**		**429,689**	
Current liabilities					
Borrowings due within one year	30	123,579		170,261	
Trade payables	31	479,548	21,287	375,263	18,903
Tax liabilities	35	30,036		20,920	
Other current liabilities	36	66,367	85	64,718	75
Current portion of other non-current provisions	32	13,085		13,115	
Total current liabilities		**712,615**		**644,277**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,641,548**		**1,520,184**	