**PIAGGIO GROUP: PROFILE**

The Piaggio Group is the largest European manufacturer of two-wheel motor vehicles and one of the world leaders in its sector. The Group is also a major international player on the commercial vehicle market. Established in 1884 by Rinaldo Piaggio, since 2003 the Piaggio Group has been controlled by Immsi S.p.A., an industrial holding listed on the Italian stock exchange and headed by Roberto Colaninno, which, besides Piaggio, controls companies in civil and military shipbuilding, real estate and tourism, and has an equity stake in Alitalia (the Italian flagship carrier) of which Mr. Colaninno is Chairman. Roberto Colaninno is the Chairman and Chief Executive Officer of the Piaggio Group. The Group has been listed on the Italian stock exchange since 2006.

The Piaggio Group product range includes scooters, mopeds and motorcycles from 50 to 1,200 cc marketed under the Piaggio, Vespa, Gilera, Aprilia, Moto Guzzi, Derbi and Scarabeo brands. The Group also operates in the three- and four-wheel light transport sector with its Ape, Porter and Quargo ranges of commercial vehicles. (Ape Truck). The Piaggio Group brand portfolio contains some of the most distinguished and historic names in the two-wheeler industry, from Gilera (founded in 1909) and Moto Guzzi (founded in 1921) to Aprilia (which in just over twenty years has established itself as the most successful Italian and European vehicle manufacturer in the world motorcycling championships) and Vespa, the extraordinary two-wheeler that has come to be regarded as “the” scooter, which, with more than 17 million vehicles produced since it made its debut in 1946, is an incredibly long-lived market success as well as one of the best known icons of Italian style and technology in the world.

The Piaggio Group is headquartered in Pontedera (Pisa, Italy) and has production plants in: Pontedera (Pisa), which produces Piaggio, Vespa and Gilera branded two-wheelers, light transport vehicles for the European market and engines for scooters and motorcycles; Noale (Venice), a technical centre for the development of motorcycles and the base of Aprilia Racing; Scorzè (Venice), which produces Aprilia and Scarabeo branded two-wheel vehicles; Mandello del Lario (Lecco, Italy), which produces Moto Guzzi vehicles and engines; Martorelles (Barcelona, Spain), producing Derbi vehicles; Baramati (in the Indian state of Maharashtra), which produces three- and four-wheel light transport vehicles for the Indian market, diesel and turbodiesel engines for the Group’s commercial vehicles, and, since the beginning of 2012, the Vespa scooter for sale on the Indian market; Vinh Phuc (Vietnam), which produces Vespa and Piaggio scooters for the local market and the ASEAN area. The Piaggio Group also operates in China with a joint venture (Zongshen Piaggio Foshan Motorcycles, based in Foshan in the province of Guangdong) in which it holds a 45% stake and which is therefore not included in the Group’s consolidated results.

The leading player on the European market, in 2010 the Piaggio Group shipped a total of 628,400 vehicles worldwide, compared with 607,700 in 2009, including 395,000 two-wheelers (scooters and motorcycles) and 233,400 three- and four-wheel commercial vehicles. For financial year 2010, the Group reported consolidated net sales of 1,485.4 million euro, consolidated EBITDA of 197.1 million euro, profit before tax of 83.8 million euro and net profit of 42.8 million euro. Net debt as of 31.12.2010 was 349.9 million euro (-2.1 million euro compared with 2009).

In the first nine months of 2011, the Group sold 512,200 vehicles worldwide (+3.7% from 493,700 sold in the first nine months of 2010) and posted consolidated net sales of 1,200.2 million euro (+2% year-on-year), net profit of 46.3 million euro, substantially unchanged from the year-earlier result, and EBITDA of 170.4 million euro (172.3 million euro in the first nine months of 2010). There was a further decrease in net debt, to 330.1 million euro.

In terms of performance in the various geographical and business areas, in the period January-September 2011, the Piaggio Group confirmed its position as European leader in scooters, taking its market share to approximately 27.5%. The Group also reported a very positive result in motorcycles, with growth of 2.2% and 19.7% in volumes and turnover respectively compared with the first nine months of 2010 and, in particular, a strong improvement in high-power bikes, thanks to the success of the latest Moto Guzzi and Aprilia models.

These important results were achieved in a highly complex market scenario in Europe, especially in Italy: in the first nine months of 2011, the two-wheeler market in the EMEA area slackened by 10.8% in scooters and 7.1% in motorcycles. On the American market, which in the first nine months of 2011 showed signs of recovery, the Piaggio Group reported an improvement in sales and turnover of, respectively, 91% (with 8,700 vehicles shipped) and 61.3% (revenues of 30 million euro).

The Group’s performance was particularly strong on the Asian market, with sharp growth from the previous year: a total of 67,800 vehicles were sold (+66% from the first nine months of 2010) and revenues totalled 121.7 million euro (+30.9% from the first nine months of 2010).

Worldwide sales of Vespa scooters grew constantly, with 150,000 vehicles sold in 2011 thanks to the constant offer of popular new products and entry on to new markets. In comparison, the Group shipped a total of 50,000 Vespa scooters worldwide in 2003, and more than 100,000 in 2006.

In commercial vehicles, the Piaggio Group closed the first nine months of 2011 with worldwide shipments of 179,400 vehicles (+5.9% from the first nine months of 2010) and turnover amounting to approximately 375.9 million euro, up by 3.2% from the year-earlier period.

On the Indian three-wheeler market, Piaggio Vehicles Private Limited confirmed its role as market leader with a share of 37.4%. Shipments increased by 3%, from 142,100 vehicles in the first nine months of 2010 to 146,600 vehicles in the first nine months of 2011. On the Indian four-wheeler market, in the first nine months of 2011 Piaggio Vehicles increased sales volumes from the year-earlier period, reaching 8,600 vehicles sold.

With regard to the Group’s businesses and geographical areas, the development strategy of the 2011-2014 Business Plan presented in December by the Piaggio Group Chairman and CEO is aligned with the world economic scenario, targeting further strong expansion on the high-growth emerging markets, while maintaining and consolidating leadership positions on the mature markets (Europe and the USA). As far as technology is concerned, the 2011-2014 Plan focuses specifically on the development – for two-wheelers and for commercial vehicles – of new fuel-efficient, eco-sustainable combustion engines, an area where the Group is already a player of excellence. Beginning in 2012, in parallel with the launch of new vehicles, some of which were previewed at the 2011 EICMA motor show in Milan, the world’s most important two-wheeler show, the Piaggio Group will introduce new generations of highly innovative engines delivering a dramatic reduction in fuel consumption and emissions. Supported by its cooperation with the world’s leading research centres and universities, it will also continue development work on vehicles equipped with new-generation electric motors, as well as hybrid engines, a field where it is already one of the world’s most advanced manufacturers.

Looking at key business and financial indicators, in the period 2011-2014 the Piaggio Group forecasts significant growth in sales volumes thanks to expansion on the emerging markets, to reach sales of approximately 1,035,000 vehicles in 2014, as well as a significant increase in revenues, for projected consolidated net sales of approximately 2,000 million euro in 2014. In terms of the revenue breakdown, in 2014 the Group expects to report 50% of revenues in Asia, compared with 8% in 2003 and 25% in 2009.

Motor-racing plays a vital role in the Piaggio Group’s motorcycle production operations. The Group brand portfolio includes names that have earned pride of place in the history of international motorcycle racing, with a total of 99 world championships – 49 for Aprilia, 21 for Derbi, 14 for Gilera and 15 for Moto Guzzi – and more than 500 victories in world motorcycle Grand Prix and Superbike championships.

In 2011 Aprilia won the manufacturers GP world title in the 125 class, with Spain’s Nico Terol taking the rider’s title. In the 2011 season Aprilia also secured a world double – manufacturer and rider – in the S1 class of the Supermoto championship with the 450 cc twin-cylinder ridden by French rider Adrien Chareyre. Among manufacturers currently involved in motor-racing, Aprilia is the Italian and European house with the largest number of championship titles.

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