Piaggio Group
First Quarter 2013 Financial Results

Conference Call
May 6th, 2013

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Highlights (1/2)
Q1 results

Entering 2013 with worsened market demand in all Piaggio's key reference markets, apart from Commercial Vehicles India

- Western Markets hitting new lows posting the deepest quarterly contraction since 2007; Italy plunging at all time low
- Asia Pacific with mixed but overall flattish demand
- Indian 2 Wheel market trend slightly negative, with scooters still growing but at a sluggish pace
- Indian Commercial Vehicles confirming moderate demand growth in 3 Wheelers, while sub 1 ton 4 Wheelers decreasing

In this deteriorated scenario, Piaggio reinforces its focus on premium products, rigorous price discipline and efficiency gain initiatives …

Western Countries: effective management in a sector shaken by the extent of the slowdown
- Positive price effect sustained by continuing shift towards high-end and high displacement segments
- North America keeps growing on the back of market share gain
- Confirmed double-digit volume and revenue increase of Moto Guzzi, against a declining market
- % Gross Margin resilience despite further sales decrease proving operating cost flexibility

Asia Pacific: slow down in a subdued macro scenario
- Negative sell-in performance due to dealer network stock reduction, but market share gain in Vietnam and ongoing positive performance across the region
- Average regional prices holding up against increased competitive intensity

India: improving performance throughout the quarter
- Positive domestic performance in Commercial Vehicles despite January strike effect; exports still affected by import duties hikes in Sri Lanka
- Apè City Pax launch begins to yield results; we are now well positioned to reverse market share loss
- Vespa run rate around 4.5k per month

Highlights (2/2)
Q1 results

… to sustain profitability

Despite 11.6% decrease in Net Sales…

- European sales declining double-digits reflecting persistent market fall. North America on a different path posting a healthy double digit revenue growth against a weak market demand
- Asia Pacific decline hurt by dealer destocking in Vietnam and Indonesia, partially offset by strong growth in Thailand, Taiwan and Philippines
- Slight decline (-3.3%) of Commercial Vehicles India excluding FX effect driven by 4 Wheels and Export. Moderate positive contribution stemming from Vespa sales

… significant cost efficiencies lead to EBITDA margin increase and positive Net Result

- Premium price positioning and product cost efficiencies lead to a Gross Margin substantially aligned with previous year (29.0% vs. 29.4% Q1 2012) despite volume decrease
- Ongoing significant OpEx reduction (~ 10 €m vs. Q1 2012), even after ~ 6 €m of restructuring costs to support European industrial footprint rationalization
- Higher financial expenses driven by higher debt level after strong 2012 investment plan

CapEx containment to 22 €m (vs. 30€m prior year) consistent with 2013 target of around 100€m, after completion of strong investment cycle in 2011 and 2012

Net Debt increase mainly reflecting seasonal working capital cash absorption. **Robust debt profile** preserved with average life of debt around 2.9 years and **ample liquidity backup**

Despite lower net sales, resilience of key financial ratios thanks to strong efficiency improvements; Net Debt affected by seasonal cash absorption

P&L (€m)

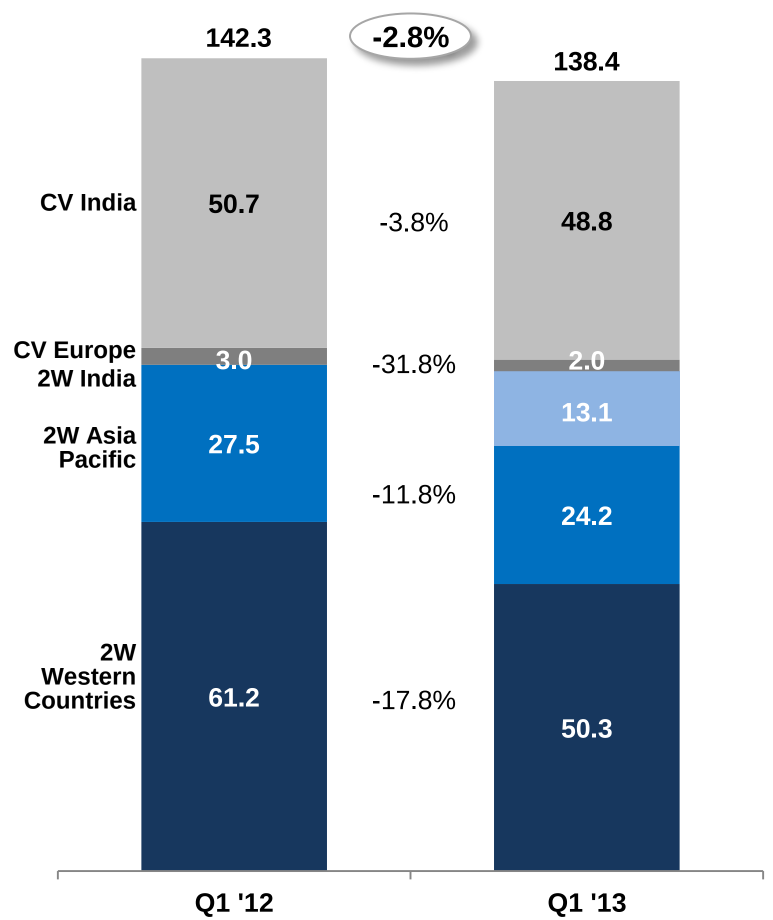
	Q1 2012	Q1 2013	Change 2013 vs. 2012		
			Absolute	%	% excl. FX
Net Sales	**343.1**	**303.4**	**(39.7)**	**-11.6%**	**-9.2%**
Gross Margin	**101.0**	**88.0**	**(13.0)**	**-12.8%**	**-10.9%**
% on Net Sales	*29.4%*	*29.0%*	*-0.4%*		
EBITDA	**33.0**	**30.1**	**(2.9)**	**-8.9%**	**-5.6%**
% on Net Sales	*9.6%*	*9.9%*	*+0.3%*		
Depreciation	(20.0)	(20.3)	(0.3)	+1.5%	
EBIT	**13.0**	**9.8**	**(3.2)**	**-24.8%**	**-18.7%**
% on Net Sales	*3.8%*	*3.2%*	*-0.6%*		
Financial Expenses	(7.2)	(8.0)	(0.8)	+11.5%	
Income before tax	**5.8**	**1.8**	**(4.1)**	**-69.7%**	
Tax	(2.6)	(0.7)	1.9	-73.1%	
Net Income	**3.2**	**1.1**	**(2.1)**	**-67.0%**	
% on Net Sales	*0.9%*	*0.3%*	*-0.6%*		

NFP (€m)

	Q1 2012	Q1 2013	Change 2013 vs. 2012	
			Absolute	%
Net Financial Position	**(422.4)**	**(487.7)**	**(65.3)**	**+15.5%**

Volume decline reflecting market weakness across all key reference markets partially mitigated by addition of Vespa India

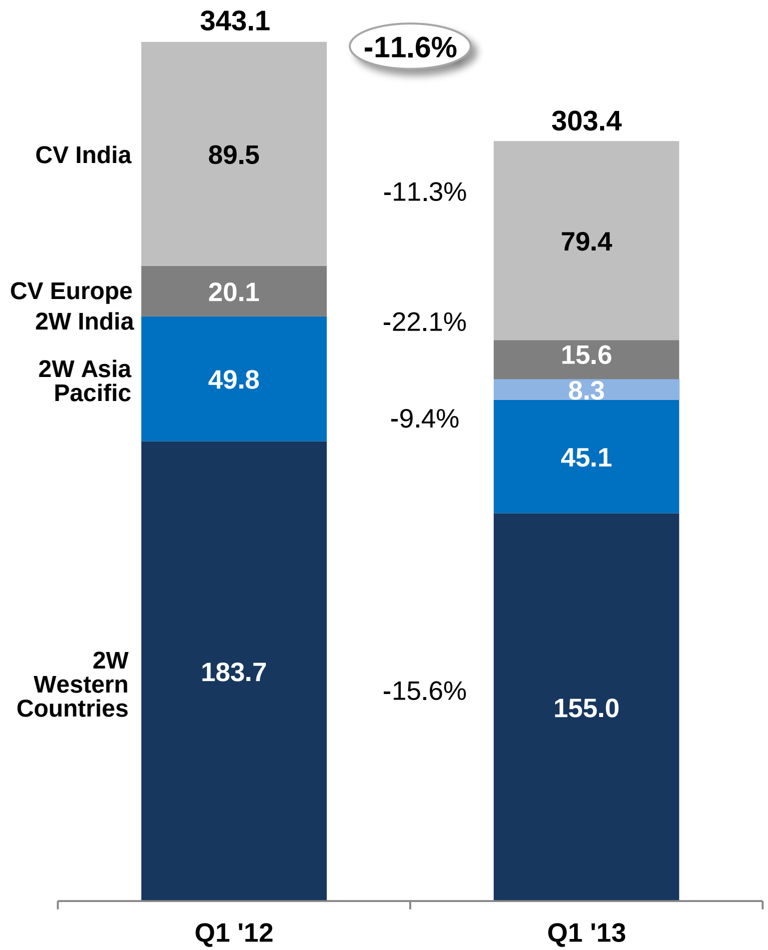
Volume evolution by Business (kunits)



2W: 2 Wheels CV : Commercial Vehicles

Net Sales decline in each region driven by volume effect with average price above PY. Vespa India with a positive contribution but diluting average Group price. Negative FX effect of Indian Rupee devaluation

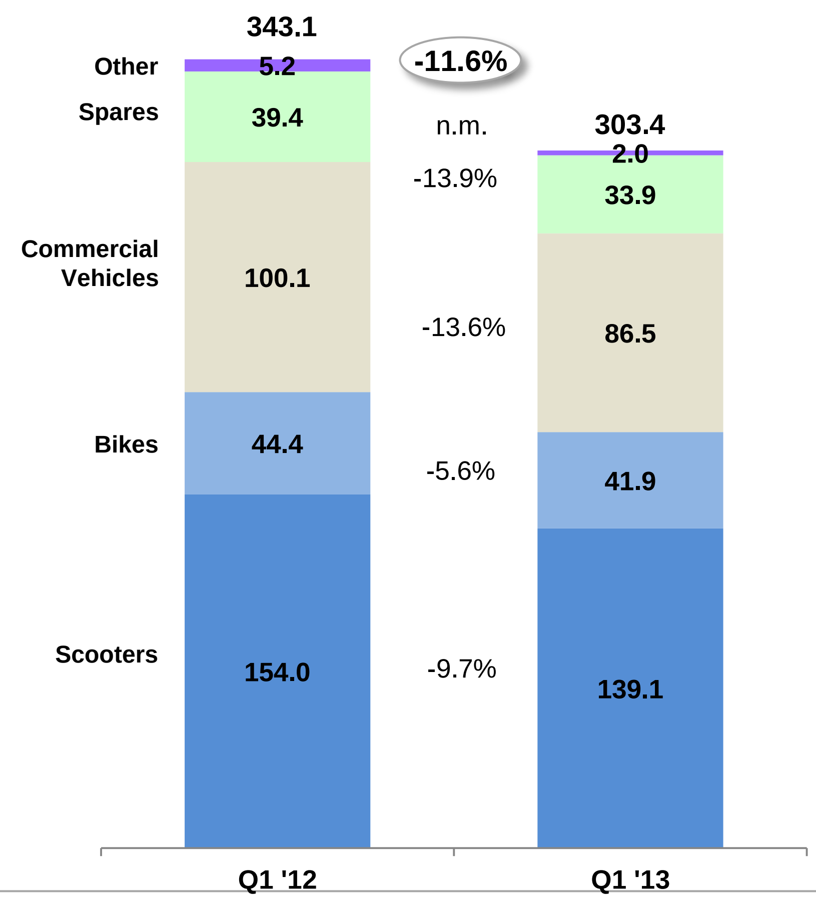
Net Sales evolution by Business (€m)



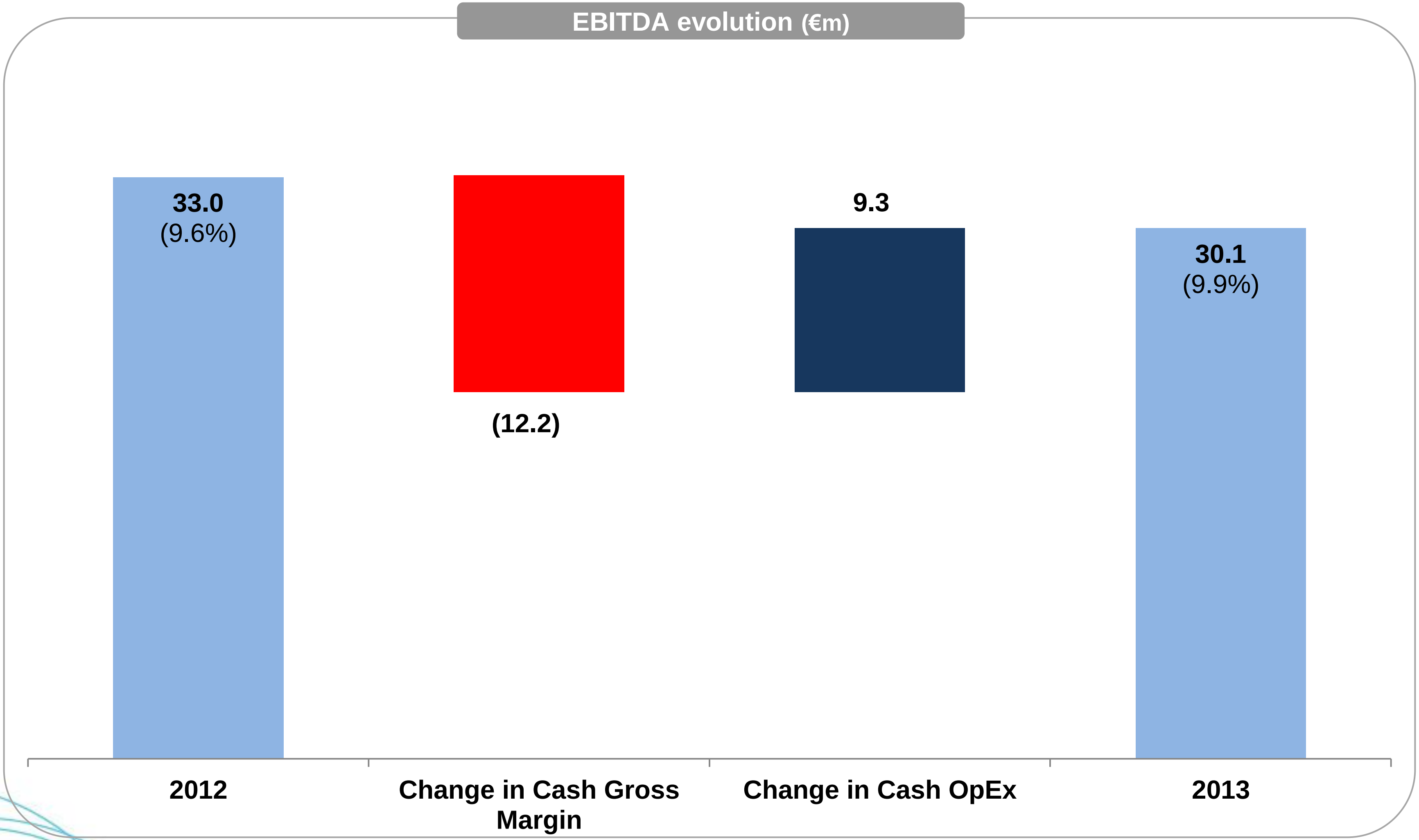
2W: 2 Wheels CV : Commercial Vehicles

Resilient performance of Scooters supported by product mix shifting to high displacement segments; Moto Guzzi 36% revenue growth shores up bikes results

Net Sales evolution by Product (€m)

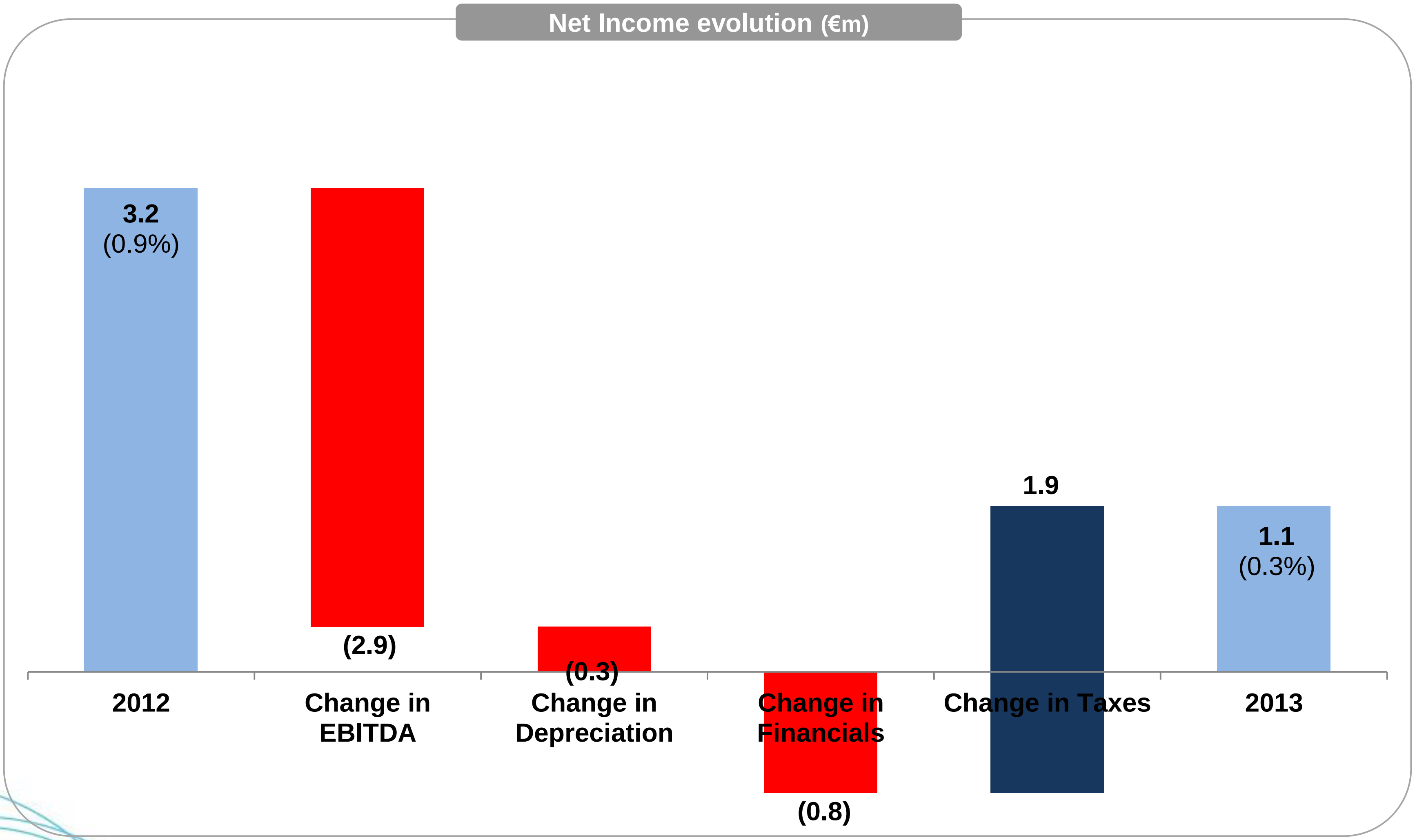


Increasing EBITDA margin thanks to efficiency gain and containment of fixed costs despite extra OpEx arising from business expansion and restructuring program…

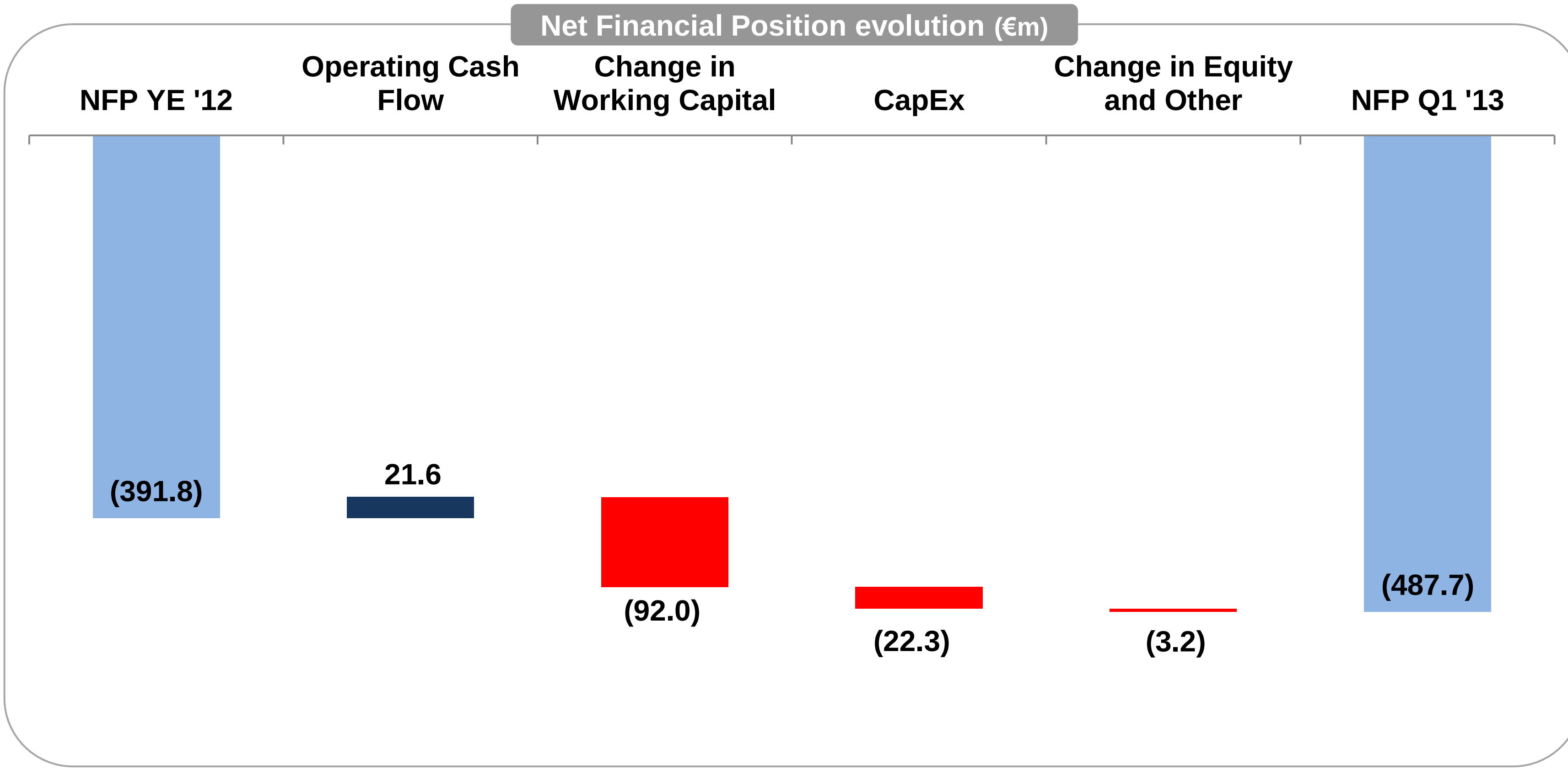


Streamlined structures and heightened productivity lead to lower break-even point

…leading to a positive Net Result



Seasonal Working Capital absorption drives NFP increase despite good Operating Cash Flow generation and CapEx containment (1/2)



Q1 2012

€m

(335.9)	23.4	(78.0)	(29.9)	(2.0)	(422.4)
NFP YE '11					NFP Q1 '12

Seasonal Working Capital absorption drives NFP increase despite good Operating Cash Flow generation and CapEx containment (2/2)

Balance sheet evolution (€m)

	2011	Q1 2012	*Chg. '12 vs YE '11*	2012	Q1 2013	*Chg. '13 vs YE '12*
Trade Receivable	61.7	123.6	*61.8*	59.3	118.7	*59.4*
Inventories	237.0	268.0	*31.0*	221.1	257.4	*36.3*
Commercial Payable	(371.7)	(391.9)	*-20.2*	(389.4)	(392.8)	*-3.5*
Other assets/liabilities	0.3	5.7	*5.4*	27.9	27.7	*-0.1*
Working Capital	**(72.7)**	**5.3**	***78.0***	**(81.1)**	**11.0**	***92.0***
Tangible Fixed Assets	274.9	281.0	*6.1*	321.0	324.5	*3.5*
Intangible Fixed Assets	649.4	652.8	*3.4*	661.0	665.5	*4.5*
Financial Investments	2.6	4.2	*1.6*	6.7	6.7	*0.0*
Provisions	(72.2)	(72.4)	*0.2*	(75.9)	(76.1)	*-0.3*
Net Invested Capital	**782.1**	**871.0**	***88.9***	**831.7**	**931.6**	***99.9***
Net Debt	**335.9**	**422.4**	***86.5***	**391.8**	**487.7**	***95.9***
Equity	**446.2**	**448.6**	***2.3***	**439.9**	**443.8**	***4.0***
Total Sources	**782.1**	**871.0**	***88.8***	**831.7**	**931.6**	***99.9***
Net debt/Equity	**0.75**	**0.94**		**0.89**	**1.09**	

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