

PRESS RELEASE

Meeting of the Board of Directors

PIAGGIO GROUP: 1st HALF 2007

- **NET SALES €968.6 MLN (+ 7.2% YoY)**
- **EBITDA €145.9 MLN (+ 8.1% YoY)**
- **OPERATING PROFIT €106.4 MLN (+ 14.8% YoY)**
- **PROFIT BEFORE TAX €88.8 MLN (+ 13.1% YoY)**
- **NET PROFIT €51.5 MLN AFTER TAX OF €37.3 MLN**
(2006 half-year net profit €64.8 MLN after tax of €13.7 MLN)
- **NET DEBT DOWN TO €277.1 MLN**

PIAGGIO & C. S.p.A.: NET PROFIT €49.3 MLN

START-UP OF PROJECT FOR NEW FACTORY IN VIETNAM

Milan, 7 September 2007 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved Group figures for the first six months of 2007, drawn up in accordance with the IAS/IFRS international accounting and financial reporting standards.

The half-year results reflect positive performance by the Group in both the two-wheeler and the light transport vehicle businesses, and confirm Piaggio strategy for the three-year period 2007-2009 targeting compound annual average growth of approximately 7% (YoY half-year growth in 2007 was 7.2%), an EBITDA margin of around 14% (EBITDA margin of 15.1% in the first half of 2007) and an EBITDA/net debt ratio of close to 1.

During the first half of 2007 the Piaggio Group shipped 396,000 vehicles worldwide (+ 4% on sales volumes in the year-earlier period).

Specifically, a geographical breakdown of Group sales volumes shows growth of 16.8% in Europe (scooters, motorcycles, LTVs, accessories and spare parts), 15.5% in India (passenger and cargo LTVs in the 0.5 tonne class), and substantially stable sales volumes in North America.

Consolidated net sales in the first half of 2007 totalled €968.6 million, an improvement of 7.2% on the year-earlier first-half. Specifically, growth was driven by revenue increases of €26.8 million on the Piaggio, Gilera and Vespa brands, €25 million on



the Aprilia and Moto Guzzi brands, € 10.5 million at the LTV business unit (light transport vehicles).

The industrial gross margin of € 292.9 million, with a return on net sales of 30.2%, was up 3.9% from € 282 million in the year-earlier period.

EBITDA totalled € 145.9 million, an improvement of 8.1% on € 135.0 million in the first half of 2006. The 2007 half-year EBITDA margin was 15.1%, compared with 14.9% in the year-earlier period.

Half-year operating profit amounted to € 106.4 million, with a return on net sales of 11%, a 0.7 percentage point improvement on the operating profit-net sales ratio of the 2006 first half, when operating profit was € 92.7 million.

The Group posted a net financial charge of € 17.6 million, of which € 7.8 million relating to its bond loan.

In the first half of 2007, the Piaggio Group posted profit before tax of € 88.8 million (a YoY increase of 13.1%) and net profit of € 51.5 million (a YoY decrease of 20.5%). The half-year tax charge, computed as required by IAS 34 by applying the 2007 average tax rate, amounted to € 37.3 million (€ 13.7 million in the first half of 2006). The difference between the 2007 and 2006 average tax rates was due in part to the impact of deferred tax assets posted by the Parent Company in 2006 in accordance with IAS 12.

Net debt at 30 June 2007 was € 277.1 million, down from € 318.0 million at 31 December 2006 and € 344.8 million at 31 March 2007. The reduction reflected positive operating cash flow performance, offset in part by dividend payouts, own-share buybacks and capital expenditure totalling € 42.2 million.

Group shareholders' equity at 30 June 2007 was € 471.7 million, from € 438.7 million at 31 December 2006.

Significant events after 30 June 2007

During July and August, the parent company completed further share buybacks, as authorised by the shareholder resolution of 7 May 2007. At 31 August, it held 7,190,000 own shares, for an average purchase price of € 3.666.

Outlook

During 2007 the Piaggio Group will work to confirm and strengthen its position as international leader for innovation, design and creativity on the light mobility market.

The 2007 half-year results are in line with Group targets, enabling Piaggio to continue the programs outlined in the 2007-2009 business plan and achieve plan objectives despite the typical seasonal nature of the Group's business.

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During the meeting, in connection with the Group's international expansion plans, the Board of Directors approved a project to build a new Vespa production factory in Vietnam. Illustrated by chairman Roberto Colaninno, the project involves construction of a facility in Vinh Phuc province (50 km from Hanoi). Production is scheduled to begin within two years from the formation of the company, which is expected to take



place by the end of the year. Estimated investments through to production start-up at the factory will amount to \$ 25-30 million.

The Parent Company Piaggio & C. S.p.A.

The Parent Company half-year financial statements have been drawn up in accordance with IAS/IFRS policies. For the first six months of 2007, Piaggio & C. S.p.A. posted net sales of € 780.7 million, positive EBITDA of € 108.9 million, a pre-tax profit of € 75.1 million and net profit of € 49.3 million.

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**PIAGGIO GROUP – CONSOLIDATED SCHEDULES
INCOME STATEMENT**

Amounts in €/000	Note	1H 2007	1H 2006	Change
Net Sales	4	968,567	903,310	65,257
<i>of which vs related parties</i>			29	(29)
Cost of materials	5	581,537	519,356	62,181
<i>of which vs related parties</i>	22,287	11,762	10,525	
Cost of services and use of third-party assets	6	168,787	172,500	(3,713)
<i>of which vs related parties</i>	663	3,404	(2,761)	
<i>of which for non-recurring operations</i>		4,008	(4,008)	
Employee expenses	7	123,590	124,843	(1,253)
Depreciation tangible assets	8	20,358	20,123	235
Amortisation intangible assets	8	19,198	22,135	(2,937)
Other operating income	9	65,348	64,760	588
<i>of which vs related parties</i>	2,392	1,045		1,362
Other operating expense	10	14,070	16,364	(2,294)
<i>of which vs related parties</i>	52			52
Operating profit		106,375	92,749	13,626
Share of result of associates		(1)	(2)	1
Finance income	11	4,533	5,460	(927)
Finance expense	11	(22,135)	(19,745)	(2,390)
<i>of which vs related parties</i>		(70)	70	
Profit before tax		88,772	78,462	10,310
Income tax expense	12	37,267	13,712	23,555
Result from on-going operations		51,505	64,750	(13,245)
Discontinued operations:				
Profit or loss from discontinued operations	13	0	0	0
Consolidated net profit		51,505	64,750	(13,245)
Attributable to:				
Equity holders of the parent		51,220	64,429	(13,209)
Minority interests		285	321	(36)
Earnings per share (in €)	14	0.13	0.17	(0.04)
Diluted earnings per share (in €)	14	0.12		-

BALANCE SHEET

Amounts in €/000	Note	At 30 June 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	15	637,611	630,316	7,295
Property, plant and equipment	16	252,394	256,966	(4,572)
Investment property	17			0
Equity investments	18	725	754	(29)
Other financial assets	19	230	240	(10)
<i>of which vs related parties</i>	58	63	(5)	
Non-current tax receivables	20	7,574	7,716	(142)
Deferred tax assets	21	30,646	46,742	(16,096)
Trade receivables	22		174	(174)
Other receivables	23	10,466	6,402	4,064
<i>of which vs related parties</i>	846	803	43	
Total non-current assets		939,646	949,310	(9,664)
Assets held for sale	27			0
Current assets				
Trade receivables	22	300,128	137,187	162,941
<i>of which vs related parties</i>	1,132	1,106	26	
Other receivables	23	21,645	33,417	(11,772)
<i>of which vs related parties</i>	221	3,579	(3,358)	
Current tax receivables	20	15,760	35,383	(19,623)
Inventories	24	258,041	233,306	24,735
Other financial assets	25	12,888	11,866	1,022
<i>of which vs related parties</i>	35	30	5	
Cash and cash equivalents	26	97,835	68,857	28,978
Total current assets		706,297	520,016	186,281
TOTAL ASSETS		1,645,943	1,469,326	176,617

Amounts in €/000	Note	At 30 June 2007	At 31 December 2006	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	28	470,774	438,091	32,683
Share capital and reserves attributable to minority interests	28	899	607	292
Total shareholders' equity		471,673	438,698	32,975
Non-current liabilities				
Borrowings due after one year	29	337,126	355,935	(18,809)
Trade payables	30		0	0
Pension funds and employee benefits	33	67,829	78,148	(10,319)
Other non-current provisions	31	17,587	21,906	(4,319)
Non-current tax payables	34	661	188	473
Other long-term payables	35	8,234	17,499	(9,265)
Deferred tax liabilities	32	38,101	34,822	3,279
Total non-current liabilities		469,538	508,498	(38,960)
Current liabilities				
Borrowings due within one year	29	50,716	42,794	7,922
Trade payables	30	521,062	394,709	126,353
<i>of which vs related parties</i>		9,367	10,225	(858)
Tax liabilities	34	26,352	15,375	10,977
Other current liabilities	35	82,328	52,370	29,958
<i>of which vs related parties</i>		208	156	52
Current portion of other non-current provisions	31	24,274	16,882	7,392
Total current liabilities		704,732	522,130	182,602
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,645,943	1,469,326	176,617

**PIAGGIO & C. S.p.A.
INCOME STATEMENT**

In thousands of euro	1H 2007	1H 2006	Change
Net Sales	780,744	711,075	69,669
<i>of which vs related parties</i>	<i>92,116</i>	<i>210,045</i>	<i>-117,929</i>
Cost of materials	444,950	401,766	43,184
<i>of which vs related parties</i>	<i>37,881</i>	<i>26,340</i>	<i>11,541</i>
Costs of services and use of third-party assets	157,120	132,410	24,711
<i>of which vs related parties</i>	<i>17,565</i>	<i>6,712</i>	<i>10,853</i>
Employee expenses	96,419	100,019	-3,600
Depreciation tangible assets	16,225	16,378	-153
Amortisation intangible assets	15,021	16,587	-1,566
Other operating income	38,081	37,910	171
<i>of which vs related parties</i>	<i>7,678</i>	<i>6,052</i>	<i>1,626</i>
Other operating expense	11,482	12,083	-601
<i>of which vs related parties</i>	<i>52</i>	<i>1</i>	<i>51</i>
Operating profit	77,608	69,742	7,866
Share of result of associates	12,806	-29	12,835
Finance income	5,832	5,086	746
<i>of which vs related parties</i>	<i>1,396</i>	<i>769</i>	<i>627</i>
Finance expense	-21,137	-18,913	2,224
<i>of which vs related parties</i>	<i>-8,450</i>	<i>-8,670</i>	<i>-220</i>
Profit before tax	75,109	55,886	19,223
Income tax expense	25,810	6,496	19,314
Result from on-going operations	49,299	49,390	-91
Discontinued operations:			
Profit or loss from discontinued operations	0	0	0
Net profit	49,299	49,390	-91

BALANCE SHEET

In thousands of euro	At 30 June 2007	At 31 December 2006	Change
ASSETS			
Non-current assets			
Intangible assets	486,461	479,804	6,657
Property, plant and equipment	182,089	188,911	-6,822
Investment property	0	0	0
Equity investments	97,268	92,797	4,471
Other financial assets	27,725	27,730	-5
<i>of which vs related parties</i>	<i>27,558</i>	<i>27,563</i>	<i>-5</i>
Non-current tax receivables	6,523	7,089	-566
Deferred tax assets	15,117	29,996	-14,879
Trade and other receivables	3,982	4,393	-411
<i>of which vs related parties</i>	<i>406</i>	<i>363</i>	<i>43</i>
Total non-current assets	819,165	830,720	-11,555
Assets held for sale	0	0	0
Current assets			
Trade and other receivables	320,858	217,529	103,329
<i>of which vs related parties</i>	<i>106,517</i>	<i>120,708</i>	<i>-14,191</i>
Current tax receivables	3,908	25,013	-21,105
Inventories	182,531	171,585	10,946
Other financial assets	23,003	32,763	-9,760
<i>of which vs related parties</i>	<i>22,572</i>	<i>32,333</i>	<i>-9,761</i>
Cash and cash equivalents	88,577	35,654	52,923
Total current assets	618,877	482,544	136,333
TOTAL ASSETS	1,438,042	1,313,264	124,778

In thousands of euro	At 30 June 2007	At 31 December 2006	Change
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	203,565	203,170	395
Share premium reserve	3,493	32,961	-29,468
Legal reserve	4,273	723	3,550
Other reserves	77,616	76,710	906
Retained earnings (Accumulated losses)	41,139	-34,707	75,846
Profit (Loss) for the period	49,299	71,006	-21,707
Total shareholders' equity	379,385	349,863	29,522
Non-current liabilities			
Borrowings due after one year	327,284	345,775	-18,491
<i>of which vs related parties</i>	<i>144,923</i>	<i>144,624</i>	<i>299</i>
Trade and other non-current payables	14,775	14,876	-101
Employee pension funds and benefits	62,324	72,750	-10,426
Other non-current provisions	22,519	20,936	1,583
Deferred tax liabilities	30,188	26,963	3,225
Total non-current liabilities	457,090	481,300	-24,210
Current liabilities			
Borrowings due within one year	43,450	21,740	21,710
<i>of which vs related parties</i>	<i>426</i>	<i>508</i>	<i>-82</i>
Trade payables	450,836	332,530	118,306
<i>of which vs related parties</i>	<i>34,812</i>	<i>28,995</i>	<i>5,817</i>
Tax liabilities	18,451	8,385	10,066
Other current liabilities	74,581	108,519	-33,938
<i>of which vs related parties</i>	<i>34,772</i>	<i>70,628</i>	<i>-35,856</i>
Current portion of other non-current provisions	14,249	10,927	3,322
Total current liabilities	601,567	482,101	119,466
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,438,042	1,313,264	124,778

Glossary

Industrial gross margin: “Net sales” minus “Cost of sales” for the period. “Cost of sales” comprises: Cost of materials (direct and consumables), Additional purchase costs (transport incoming materials, customs, handling, warehousing), Staff costs for direct and indirect manpower and related expenses, Third-party machinings, Energy, Depreciation of property, plant and equipment and industrial equipment, External maintenance and cleaning costs net of recovery of costs recharged to suppliers.

EBITDA: “Operating profit” gross of amortisation of intangible assets and depreciation of property, plant and equipment as reflected on the face of the income statement

Operating expense: staff costs, cost of services and use of third-party assets, and operating costs net of operating income not included in the industrial gross margin. Operating expense also includes amortisation and depreciation not included in industrial gross margin.

Working capital net sum of: Current and non-current trade and other receivables, Inventories, Trade and other non-current payables and Current trade payables, Other receivables (Current and non-current tax receivables, Deferred tax assets) and Other Liabilities (Tax liabilities and Other current liabilities)

Property, plant and equipment, net: Property, plant and equipment and industrial equipment, net of accumulated depreciation, plus assets held for sale,

Intangible assets, net: capitalised development costs, costs for patents and knowhow, goodwill arising from Group internal mergers/acquisitions

Non-current financial assets: Equity investments, Other non-current financial assets and any portion of Guarantee deposits reflected in Other current financial assets

Provisions: Pension funds and employee benefits, Other non-current provisions, Current portion of other non-current provisions, Deferred tax liabilities.

Net financial position: Medium/long-term financial liabilities, Short-term financial liabilities less Short-term financial assets and less cash and cash equivalents.