

# Immsi

## PRESS RELEASE

*Board of Directors meeting today*

### **IMMSI APPROVES DRAFT 2004 FINANCIAL STATEMENTS<sup>1</sup>**

#### **SIGNIFICANT ENLARGEMENT IN INDUSTRIAL OPERATIONS**

#### **POSITIVE IMPACT OF PIAGGIO TURNAROUND**

- NET SALES €1,184.7 MLN
  - EBITDA €158.6 MLN (13.4% OF NET SALES)
    - NET PROFIT €13.3 MLN
    - NET DEBT €565.7 MLN
- INCLUDING APRILIA NET DEBT (€120.8 MLN)**

#### **PARENT COMPANY IMMSI S.P.A.:**

- NET PROFIT €11.8 MLN
- PROPOSED DIVIDEND €0.03 PER SHARE

*Milan, 24 March 2005* – At a meeting today in Milan chaired by Roberto Colaninno, the IMMSI S.p.A. Board of Directors examined and approved the draft 2004 financial statements, which will be presented for the approval of the shareholders at a meeting to be held on 29 April (first call) and 11 May (second call).

During 2004, IMMSI consolidated and expanded its position as an industrial and services holding at the head of an integrated diversified group.

Specifically:

- the business and financial recovery programme at Piaggio led, in just one year, to a return to consolidated profit for the Pontedera-based group, after four years of losses. The recovery also prepared the way for the acquisition, on 30 December, of 100% of the Aprilia Group with its Aprilia, Scarabeo and Moto Guzzi brands. Through the Aprilia acquisition, IMMSI raised its controlling stake in Piaggio to more than 40%, to become the company's largest shareholder;
- at the end of May, IMMSI acquired control of Rodriguez Cantieri Navali S.p.A., a builder of hydrofoils, ferries, pleasure boats and naval craft; value of production at RCN in 2004 was more than €138 million;

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<sup>1</sup> The 2004 consolidated figures reflect the Group structure at 31.12.04 and are not directly comparable with the figures for 2003, given that: a) the Rodriguez Cantieri Navali Group has been consolidated since June 2004; b) Is Molas S.r.l. has been consolidated since October 2004; c) the Aprilia Group, which was acquired on 30 December, is consolidated only in respect of assets and liabilities; d) the Piaggio Group has been consolidated since November 2003.

- in the property business, IMMSI continued its disposals programme and investment portfolio re-focusing; through the Is Molas S.r.l. subsidiary it placed the winning bid for Is Molas Golf Resort, a hotel, residential and golfing complex near Cagliari (Sardinia), for which it has drawn up a wide-ranging development project.

In order to support the expansion of the Group's industrial and property businesses, from November-December 2004 IMMSI undertook a successful rights issue for € 79.2 million.

### **Business and financial highlights**

2004 consolidated **net sales** amounted to **€ 1,184.7 million**, including € 1,084.2 million reported by the Piaggio Group (an improvement of almost 10% on 2003 driven by strong performance in the two-wheeler business, notably on the new top-of-the-range products, and in light commercial vehicles, especially on the Indian market), € 12.8 million for the property business and € 87.8 million, in the period June-December, for the Rodriguez Group.

Consolidated **operating expense** and **other net charges** totalled € 1,045.7 million, while non-recurring items reflected net income of € 19.6 million, arising mainly from capital gains realised on real estate disposals.

Net of non-recurring items, **EBITDA** was positive at € 158.6 million, or 13.4% of net sales. A significant factor in this result, amounting to approximately € 130 million, was represented by efficiency gains in Piaggio; € 23.4 million arose in the property business, including capital gains on disposals, and € 7.9 million in the ship-building business.

After depreciation and amortisation of € 92 million including amortisation of consolidation goodwill, **EBIT** was € 66.7 million, or 5.6% of net sales.

After a € 22.3 million tax charge and minority interests of € 5.3 million, the consolidated income statement reflected a **net profit** of € 13.3 million. Although this earnings figure is not comparable with the prior-year result (a loss of € 32.1 million), nevertheless it reflects a significant improvement.

**Net debt** at 31 December 2004 was € 565.7 million, including debt of € 120.8 million at Aprilia. Excluding the Aprilia transaction, IMMSI's net financial position would have shown a slight improvement. IMMSI net debt at the end of 2003 was € 368.1 million.

Consolidated **shareholders' equity** at 31 December 2004 totalled € 373.5 million, including € 186.9 million for minority interests.

### **Significant post-balance sheet events**

On 27 January 2005, IMMSI S.p.A. announced that its **rights issue** had been fully subscribed, raising proceeds of € 79.2 million. Approximately 99% of the issue was subscribed and the residual rights were offered to the public within the offer term, which ended on 20 December.

In the **property business**, IMMSI has completed its disposals programme, closing preliminary sales contracts for an overall value of more than € 50 million and a capital gain of approximately € 17 million. It has already drawn up a redevelopment project for Is Molas Golf Resort.

### **Business outlook for 2005**

In the industrial sector, **Piaggio** intends to continue strengthening its leadership position by building up market share in the two-wheeler business and in light vehicles. It will also maintain

its commitment to areas of strategic interest, where it has confirmed investments in production and in R&D (R&D expenditure in 2004 totalled € 38.7 million, or 3.6% of revenues). Piaggio will launch a number of new models for its motorcycle and scooter classes and brands, and in 3- and 4-wheel light goods vehicles. Plans are underway for the trading and operating start-up of the joint venture in China with the Zongshen Group.

**Rodriquez** will be completing its corporate re-organisation to take advantage of new business opportunities; at the end of 2004 its order book stood at approximately € 120 million and several new contracts are currently under negotiation.

In **2005**, the improvement trend established in 2004 will reflect the full impact of the Aprilia and Rodriquez acquisitions, restructuring of which began recently.

### **IMMSI S.p.A.**

The Parent Company reported **net sales** of € 12.5 million, positive **EBITDA** of € 23.8 million, arising mainly from sizeable capital gains on disposals, a **pre-tax profit** of € 17.2 million and **net profit** of € 11.8 million. The Board of Directors will ask the Shareholders to approve payment of a per-share **dividend** of € 0.03, for a total pay-out of € 8,580.00. Coupon tear-off will be on 16 May, with payment from 19 May 2005.

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During the meeting the Board of Directors examined and approved the company's annual corporate governance report. It also confirmed the qualification of directors Marco Reboa and Giovanni Tamburi as independent directors, as indicated in the periodical assessment envisaged by the voluntary code of conduct for listed companies.

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With regard to the transition to the IAS/IFRS reporting standards, in compliance with the Consob consultation document of 17 February 2005, IMMSI will continue to adopt Italian GAAP measurement criteria and content for its 2005 first-quarter report; the 2005 half-year report will be drawn up using the new international accounting policies.

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## IMMSI Group reclassified income statement

(in thousands of euro)	2004		2003	
<b>Net sales</b>	<b>1,184,747</b>	<b>100.0%</b>	<b>133,632</b>	<b>100.0%</b>
Operating expense				
Personnel	(168,183)	-14.2%	(25,426)	-19.0%
Materials and services	(891,576)	-75.3%	(112,806)	-84.4%
Grants	6,085	0.5%	736	0.6%
Adjustments and provisions for risks and charges	(29,884)	-2.5%	(6,532)	-4.9%
Other (expense) income, net	37,880	3.2%	(2,374)	-1.8%
<b>EBITDA (before non-recurring items)</b>	<b>139,069</b>	<b>11.7%</b>	<b>(12,770)</b>	<b>-9.6%</b>
<b>Non-recurring income</b>				
Capital gains and non-operating income	45,058	3.8%	7,602	5.7%
<b>Non-recurring charges</b>				
Capital losses and other charges	(25,482)	-2.2%	(40,953)	-30.6%
<b>EBITDA</b>	<b>158,645</b>	<b>13.4%</b>	<b>(46,121)</b>	<b>-34.5%</b>
Depreciation tangible assets	(39,841)	-3.4%	(11,928)	-8.9%
Amortisation intangible assets:				
Consolidation goodwill	(21,572)	-1.8%	(3,433)	-2.6%
Other	(30,544)	-2.6%	(8,243)	-6.2%
<b>EBIT</b>	<b>66,688</b>	<b>5.6%</b>	<b>(69,725)</b>	<b>-52.2%</b>
Net income from equity investments	465	0.0%	565	0.4%
Financial income and charges, net	(26,024)	-2.2%	(21,191)	-15.9%
Adjustments to financial asset values	(197)	0.0%	(9,834)	-7.4%
<b>Result before tax</b>	<b>40,932</b>	<b>3.5%</b>	<b>(100,185)</b>	<b>-75.0%</b>
Tax	(22,345)	-1.9%	(2,960)	-2.2%
<b>Result after tax before minority interests</b>	<b>18,587</b>	<b>1.6%</b>	<b>(103,145)</b>	<b>-77.2%</b>
Minority interests	(5,303)	-0.4%	71,007	53.1%
<b>Net result for the year</b>	<b>13,284</b>	<b>1.1%</b>	<b>(32,138)</b>	<b>-24.0%</b>

## Group balance sheet at 31 December

in thousands of euro	31.12.2004	in %	31.12.2003	in %
<b>Current assets</b>				
Cash and cash equivalents	62,389	3.4%	33,385	3.0%
Operating assets	748,895	40.2%	256,676	23.4%
<b>TOTAL CURRENT ASSETS</b>	<b>811,284</b>	<b>43.6%</b>	<b>290,061</b>	<b>26.4%</b>
<b>Medium/long-term assets</b>				
Medium/long-term financial assets		0.0%		0.0%
Intangible assets	647,164	34.8%	464,309	42.3%
Tangible assets	324,013	17.4%	286,063	26.0%
Other assets	78,921	4.2%	58,389	5.3%
<b>TOTAL MEDIUM/LONG-TERM ASSETS</b>	<b>1,050,098</b>	<b>56.4%</b>	<b>808,761</b>	<b>73.6%</b>
<b>TOTAL ASSETS</b>	<b>1,861,382</b>	<b>100.0%</b>	<b>1,098,822</b>	<b>100.0%</b>
<b>Current liabilities</b>				
Financial payables	291,990	15.7%	69,295	6.3%
Operating liabilities	657,031	35.3%	306,339	27.9%
<b>TOTAL CURRENT LIABILITIES</b>	<b>949,021</b>	<b>51.0%</b>	<b>375,634</b>	<b>34.2%</b>
<b>Medium/long-term liabilities</b>				
Financial payables	336,085	18.1%	332,167	30.2%
Other medium/long-term liabilities	202,734	10.9%	138,642	12.6%
<b>MEDIUM/LONG-TERM LIABILITIES</b>	<b>538,819</b>	<b>28.9%</b>	<b>470,809</b>	<b>42.8%</b>
<b>TOTAL LIABILITIES</b>	<b>1,487,840</b>	<b>79.9%</b>	<b>846,443</b>	<b>77.0%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>373,542</b>	<b>20.1%</b>	<b>252,379</b>	<b>23.0%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,861,382</b>	<b>100.0%</b>	<b>1,098,822</b>	<b>100.0%</b>

## Immsi S.p.A. reclassified income statement

in thousands of euro	2004		2003	
<b>Net sales</b>	<b>12,478</b>	<b>100.0%</b>	<b>14,705</b>	<b>100.0%</b>
Operating expense				
Personnel	-1,428	-11.4%	-915	-6.2%
Materials and services	-8,906	-71.4%	-6,097	-41.5%
Adjustments and provisions for risks and charges	-546	-4.4%	-68	-0.5%
Other (expense) income, net	1,556	12.5%	-782	-5.3%
<b>EBITDA (before non-recurring items)</b>	<b>3,154</b>	<b>25.3%</b>	<b>6,843</b>	<b>46.5%</b>
<b>Non-recurring income</b>				
Capital gains and non-operating income	33,895	271.6%	898	6.1%
<b>Non-recurring charges</b>				
Capital losses and other charges	-13,202	-105.8%	-399	-2.7%
<b>EBITDA</b>	<b>23,847</b>	<b>191.1%</b>	<b>7,342</b>	<b>49.9%</b>
Depreciation tangible assets	-2,346	-18.8%	-5,329	-36.2%
Amortisation intangible assets	-1,002	-8.0%	-268	-1.8%
<b>EBIT</b>	<b>20,499</b>	<b>164.3%</b>	<b>1,745</b>	<b>11.9%</b>
Net income from equity investments	462	3.7%	536	3.6%
Financial income and charges, net	-3,750	-30.1%	-1,160	-7.9%
<b>Result before tax</b>	<b>17,211</b>	<b>137.9%</b>	<b>1,121</b>	<b>7.6%</b>
Tax	-5,375	-43.1%	-954	-6.5%
<b>Net result for the year</b>	<b>11,836</b>	<b>94.9%</b>	<b>167</b>	<b>1.1%</b>

## Immsi S.p.A. balance sheet

in thousands of euro	31.12.2004	in %	31.12.2003	in %
<b>Current assets</b>				
Cash and cash equivalents	11,491	3.8%	25,247	9.8%
Operating assets	7,141	2.3%	3,795	1.5%
<b>TOTAL CURRENT ASSETS</b>	<b>18,632</b>	<b>6.1%</b>	<b>29,042</b>	<b>11.3%</b>
<b>Medium/long-term assets</b>				
Medium/long-term financial assets	9,000	3.0%		
Intangible assets	1,125	0.4%	1,078	0.4%
Tangible assets	43,357	14.3%	103,822	40.4%
Other assets	232,091	76.3%	123,090	47.9%
<b>TOTAL MEDIUM/LONG-TERM ASSETS</b>	<b>285,573</b>	<b>93.9%</b>	<b>227,990</b>	<b>88.7%</b>
<b>TOTAL ASSETS</b>	<b>304,205</b>	<b>100.0%</b>	<b>257,032</b>	<b>100.0%</b>
<b>Current liabilities</b>				
Financial payables	2,000	0.7%	0	
Operating liabilities	10,925	3.6%	9,256	3.6%
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,925</b>	<b>4.2%</b>	<b>9,256</b>	<b>3.6%</b>
<b>Medium/long-term liabilities</b>				
Financial payables	63,650	20.9%	112,659	43.8%
Other medium/long-term liabilities	9,927	3.3%	1,051	0.4%
<b>MEDIUM/LONG-TERM LIABILITIES</b>	<b>73,577</b>	<b>24.2%</b>	<b>113,710</b>	<b>44.2%</b>
<b>TOTAL LIABILITIES</b>	<b>86,502</b>	<b>28.4%</b>	<b>122,966</b>	<b>47.8%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>217,703</b>	<b>71.6%</b>	<b>134,066</b>	<b>52.2%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>304,205</b>	<b>100.0%</b>	<b>257,032</b>	<b>100.0%</b>