

## **PRESS RELEASE**

*Board of Directors meeting today*

### **PIAGGIO GROUP: 1<sup>st</sup> HALF 2005**

(comparison with 2004 1H on IAS/IFRS basis and at constant size)

- **NET SALES €814.3 MLN (+6.9%)**
- **EBITDA €123.9 MLN (+251.2%)**
- **OPERATING INCOME €78.4 MLN (LOSS OF €12.5 MLN)**
  - **NET PROFIT €51.3 MLN (LOSS OF €40.7 MLN)**
  - **NET DEBT DOWN TO €444.8 MLN**

### **PIAGGIO-APRILIA MERGER**

#### **APPROVAL OF PLAN PIAGGIO EXTRAORDINARY SHAREHOLDERS' MEETING CALLED**

*Milan, 13 September 2005* – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the Group half-year figures, the first set of figures to be drawn up in compliance with the new IAS/IFRS accounting standards. To permit comparison with the year-earlier first half, the 2004 figures were re-computed using the new policies and re-stated on a pro-forma<sup>1</sup> basis to include the Aprilia Group, acquired on 30 December 2004.

Having fully absorbed the impact of the Aprilia and Moto Guzzi acquisition, the Group reported strong operating performance for the first six months of 2005 and achieved growth, with the Piaggio brands, on all markets.

Continuing efficiency gains at Group level produced further improvements in consolidated results, enabling Piaggio to close the first half with:

- an increase of 6.9% in **net sales** from the first half of 2004, to € 814.3 million;
- **EBITDA** growth of 251.2% to € 123.9 million;
- **net profit** of € 51.3 million, from a loss of € 40.7 million in the year-earlier first half;
- a reduction of € 76.7 million in **net debt**, from € 521.5 million at the end of 2004 to € 444.8 million.

The first-half results were achieved on a substantially stable European two-wheeler market, with a decline in the moped and scooter sectors, one of the Group's core

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<sup>1</sup> Non-audited data.

businesses. The slowdown was particularly evident in the 50cc segment, although, in Italy at least, there was slight progress towards the end of the period.

With regard to production and marketing, key events in the Piaggio Group's first half were:

- the introduction of the new Vespa models (LX and GTS 250), which have elicited a stronger than expected response, with approximately 50,000 shipments overall;
- the launch of important new Aprilia and Moto Guzzi models: the Pegaso 650 Strada and Atlantic Sprint 500, and the Moto Guzzi Breva 1100;
- the positive performance of the Spanish subsidiary Derbi-Nacional Motor, which reported an 18% rise in shipments in the first half, thanks to the success of a new range of vehicles targeting younger users.

In the light transport segment, Piaggio's performance countered the European market trend, with a 20% increase in first-half net sales, in part as a result of the success of the new Quargo four-wheel commercial vehicle. The Group continued to make excellent progress in India (50% rise in first-half net sales), where Piaggio will be increasing its production capacity once again during the year.

First-half figures are detailed below:

**Consolidated net sales** amounted to € 814.3 million, an improvement of 6.9% on the first half of 2004 at constant size.

The **industrial gross margin** was € 249.1 million, for a return on net sales of 30.6%.

**EBITDA**, which under IAS/IFRS also includes reimbursement of prior-year state eco-incentives totalling € 18.9 million, amounted to € 123.9 million (pro-forma 2004 € 35.3 million). The return on net sales rose from 4.6% to 15.2%.

Using constant accounting policies, **industrial amortisation and depreciation** charges were € 45.6 million, down by 4.7% from € 47.8 million in the first half of 2004.

**Operating income** amounted to € 78.4 million, or 9.6% of net sales, after a pro-forma operating loss of € 12.5 million in the first half of 2004.

**Financial charges** were € 14.6 million.

After tax of € 12.5 million, the first half of 2005 closed with a consolidated **net profit** of € 51.3 million, compared with a pro-forma net loss of € 40.7 million. The figure includes the reimbursement of eco-incentives as mentioned above.

**Net debt** at 30 June 2005 was € 444.8 million, down from € 521.5 at the end of 2004 (re-computed in accordance with IAS/IFRS). The reduction arose largely from cash flows and further improvements in capital management efficiency, both trends being related to the cyclical nature of the two-wheel business.

Group **shareholders' equity** was €304.5 million.

In the second half of 2005 the Group will capitalise on the growing integration of Piaggio-Aprilia operations and the success of its new products to strengthen its European two-wheel leadership and continue its expansion on the fast-growing non-European markets. In the light transport segment, it will again raise production capacity in India and continue to monitor business opportunities on the European market.

The dimensions of the Group, the breadth of its offer, the consolidated turnaround of Piaggio and the recovery currently underway at Aprilia and Moto Guzzi indicate a full-year consolidated net profit, despite lower shipments in the rest of the year due to the seasonal nature of demand in the two-wheel sector.

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The Board of Directors also examined and approved the plan for the merger by incorporation of Aprilia S.p.A. into Piaggio & C. S.p.A. (which holds 100% of Aprilia S.p.A.) drawn up by Chief Executive Officer Rocco Sabelli under the powers assigned by the boards of the two companies. The plan has already been approved by the Aprilia Board of Directors.

The intention is to create a single global player on the two-wheel and light transport markets in terms of dimensions and resources, and to achieve important production, commercial, organisational and financial synergies.

The plan will be presented to extraordinary meetings of the shareholders of Aprilia and of Piaggio, which today the Board of Directors decided to convene for 28 September and 30 September on first and second call respectively.

The directors gave Chairman Roberto Colaninno and CEO Rocco Sabelli full powers to handle all matters relating to the merger. The process is expected to be completed by the end of the year, so that the accounting effects commence from the beginning of the year in which the merger closes, that is, from 1 January 2005.

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