

Immsi

PRESS RELEASE

Board of Directors approves the quarterly report as at 30 September 2005

IMMSI: FIRST NINE MONTHS OF 2005¹

- **NET SALES €1,233.4 M.
PIAGGIO GROWTH (+5.9%)**
- **EBITDA €163.1 M., RETURN ON NET SALES OF 13.2%**
- **NET PROFIT FOR THE PERIOD €20.8 M.**
- **NET DEBT CUT TO €494.8 M.**
- **PARENT COMPANY IMMSI S.P.A.: NET PROFIT €9.5 M.²**

Milan, 9 November 2005 – The Board of Directors of **IMMSI S.p.A.**, meeting today in Milan under the chairmanship of Roberto Colaninno, examined and approved the quarterly report as at 30 September 2005.

In the first nine months of 2005 the solid business levels continued in the various sectors in which the Group operates, after the **new configuration** taken on in the industrial sector (Piaggio) with the acquisition of the Aprilia-Moto Guzzi Group (December 2004), in that of shipyard work with the acquisition of the Rodriquez Cantieri Navali Group (May 2004), and in the real estate sector with the acquisition (October 2004) of the company Is Molas.

In particular during the first 9 months of 2005:

- In the **real estate sector**, following the period of disposals that started in 2003, the Group started work to plan and develop the area of Is Molas (Pula - Province of Cagliari) in the luxury tourism/hotel market. As for Apuliae S.p.A., it should be noted that the work to restructure the property (Santa Maria di Leuca – Province of Lecce) is still suspended following the findings of the Judicial Authorities, which were formalised in March 2005.
- In the **industrial sector** (the Piaggio Group), with the turnaround of Piaggio complete, there started the gradual recovery of Aprilia-Moto Guzzi, in terms of efficiency gains and commercial presence. There was a favourable market response to the numerous products presented by the individual brands (Piaggio, Vespa, Aprilia, Moto Guzzi, Gilera and Derbi) and the results for light commercial vehicles on the European and Indian market were similarly positive.
- In the **naval sector** (the Rodriquez Cantieri Navali Group), the work to restructure the organisation and management of the Group continued. This is aimed at ensuring the

¹ The consolidated figures, prepared on the basis of the IAS/IFRS international principles, are not comparable with the similar figures for the first nine months of 2004 owing to the different consolidation area, which in the first nine months of 2005 includes the Aprilia Group, the Rodriquez Cantieri Navali Group and Is Molas S.p.A.

² The 2005 figures for the Parent Company IMMSI S.p.A. are still prepared on the basis of Italian accounting principles, since the Company has taken advantage of the option to introduce the IAS/IFRS principles as from 2006.

recovery of profitability levels and the increase in turnover in the market segments in which the Group operates.

Consolidated net sales in the first nine months of 2005 stood at **€1,233.4 million**, of which €1,164.2 million came from the Piaggio Group (up by 5.9% compared to the value on a constant size basis for the first nine months of 2004), the Rodriguez Cantieri Navali Group provided €65.1 million, and the real estate sector the remaining €4.1 million. In particular, the growth in net sales at the Piaggio Group, which represents approximately 94% of the IMMSI Group's total turnover, was helped by the recovery at Aprilia (+8%) and Moto Guzzi (+46%), the positive performance of Piaggio USA (+44.8%), and the continued growth at the Indian subsidiary PVPL in the light commercial vehicle segment (+48.5%).

Consolidated **EBITDA** stood at **€163.1 million**, a return on net sales of 13.2% compared to the 12.6% on net sales recorded in the first nine months of 2004. The Piaggio Group contributed to the result with €173.8 million, thanks to marked efficiency gains and the reimbursement of prior state eco-incentives totalling €18.6 million.

EBIT, after amortisation and depreciation of tangible and intangible assets of €73.2 million, totalled **€89.9 million**, a return of 7.3% on net sales.

The balance on financial income and charges was a loss of €26.6 million.

After tax of €17.1 million and the recording, in accordance with IAS/IFRS principles, of the positive impact (€6.2 million) of the asset disposal plan, **consolidated net income for the period**, following deduction of €32.1 million for minority interest, stood at **€20.8 million**.

Net debt was **€494.8 million** (of which €406.5 million related to the Piaggio Group), down compared both to the figure of €523.3 million at 30 June 2005 and that at the end of 2004 of €631.3 million (restated on the IAS/IFRS basis). This fall was caused mainly by the generation of cash flow from operations, efficiency gains in the management of working capital in the industrial sector, and income from property disposals.

Consolidated **shareholders' equity** stood at **€481.1 million**, slightly up compared to €471.8 million at 30 June 2005.

Events subsequent to 30 September 2005

Between the closing date of this quarterly report and the date of its approval there were no significant events that could lead to substantial changes.

Outlook

The results achieved by the IMMSI Group in the first nine months of 2005 allow a forecast of a profit for the whole year, despite the typical seasonal nature of the industrial sector (Piaggio Group) and the completion of the disposal plan in the real estate sector.

The Parent company Immsi S.p.A.

The Parent company in the first 9 months recorded **net sales** of €3.6 million, **EBITDA** of +€16.3 million, **pre-tax income** of €15.2 million, and **net income for the period** of €9.5 million.

For further information:

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Reclassified income statement of the IMMSI Group at 30 September 2005

(in thousands of euro)	<i>3^d quarter</i> <i>2005</i>		<i>3^d quarter</i> <i>2004</i>		<i>30 September</i> <i>2005</i>		<i>30 September</i> <i>2004</i>	
Net sales	370.626	100%	297.146	100%	1.233.437	100%	911.836	100%
Costs for materials	204.964	55,3%	172.356	58,0%	689.329	55,9%	509.885	55,9%
Costs for services and use of third party assets	85.927	23,2%	59.207	19,9%	272.210	22,1%	194.447	21,3%
Staff costs	55.253	14,9%	41.563	14,0%	188.638	15,3%	126.003	13,8%
Other income from operations	25.571	6,9%	28.883	9,7%	115.547	9,4%	69.305	7,6%
Other costs from operations	3.960	1,1%	15.433	5,2%	35.709	2,9%	35.485	3,9%
OPERATING PROFIT BEFORE AMORT./DEPR.	46.093	12,4%	37.470	12,6%	163.098	13,2%	115.321	12,6%
Depreciation of tangible assets	10.906	2,9%	10.498	3,5%	36.044	2,9%	31.034	3,4%
Amortisation of goodwill	0	-	0	-	0	-	0	-
Amortisation of intangible assets	14.118	3,8%	8.042	2,7%	37.134	3,0%	19.376	2,1%
OPERATING PROFIT	21.069	5,7%	18.930	6,4%	89.920	7,3%	64.911	7,1%
Profit from equity investments	549	0,1%	-1.010	-0,3%	549	0,0%	-1.010	-0,1%
Financial income	2.940	0,8%	3.037	1,0%	13.930	1,1%	8.996	1,0%
Financial charges	11.585	3,1%	8.077	2,7%	40.592	3,3%	25.911	2,8%
INCOME BEFORE TAX	12.973	3,5%	12.880	4,3%	63.807	5,2%	46.986	5,2%
Tax	5.634	1,5%	3.745	1,3%	17.075	1,4%	11.376	1,2%
NET INCOME FOR THE PERIOD FROM THE ASSETS IN USE	7.339	2,0%	9.135	3,1%	46.732	3,8%	35.610	3,9%
Profit (loss) from assets destined for disposal or disuse	723	0,2%	-1.366	-0,5%	6.157	0,5%	11.152	1,2%
TOTAL NET INCOME FOR THE PERIOD	8.062	2,2%	7.769	2,6%	52.889	4,3%	46.762	5,1%
Minority interest	6.499	1,8%	6.249	2,1%	32.078	2,6%	25.578	2,8%
GROUP NET INCOME FOR THE PERIOD	1.563	0,4%	1.520	0,5%	20.811	1,7%	21.184	2,3%

IMMSI Group balance sheet at 30 September 2005

(in thousands of euro)	30.09.2005	<i>in %</i>	30.06.2005	<i>in %</i>	31.12.2004	<i>in %</i>
Current assets:						
Cash and cash equivalents	83.386	4,5%	71.259	3,6%	51.456	2,8%
Financial assets	672	0,0%	1.826	0,1%	1.151	0,1%
Operative assets	667.929	35,9%	792.727	39,8%	630.348	34,3%
Total current assets	751.987	40,4%	865.812	43,5%	682.955	37,2%
Non-current assets:						
Financial assets	11.850	0,6%	11.287	0,6%	12.462	0,7%
Intangible assets	674.450	36,2%	680.484	34,2%	687.579	37,4%
Tangible assets	319.840	17,2%	318.284	16,0%	347.922	18,9%
Other assets	103.961	5,6%	113.594	5,7%	105.662	5,8%
Total non-current assets	1.110.101	59,6%	1.123.649	56,5%	1.153.625	62,8%
TOTAL ASSETS	1.862.088	100,0%	1.989.461	100,0%	1.836.580	100,0%
Current liabilities:						
Financial liabilities	123.668	6,6%	135.200	6,8%	354.213	19,3%
Operative liabilities	580.866	31,2%	705.778	35,5%	510.214	27,8%
Total current liabilities	704.534	37,8%	840.978	42,3%	864.427	47,1%
Non-current liabilities:						
Financial liabilities:	467.026	25,1%	472.497	23,8%	342.135	18,6%
Other non-current liabilities	209.452	11,2%	204.165	10,3%	213.114	11,6%
Total non-current liabilities	676.478	36,3%	676.662	34,0%	555.249	30,2%
TOTAL LIABILITIES	1.381.012	74,2%	1.517.640	76,3%	1.419.676	77,3%
TOTAL SHAREHOLDERS' EQUITY	481.076	25,8%	471.821	23,7%	416.904	22,7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.862.088	100,0%	1.989.461	100,0%	1.836.580	100,0%

IMMSI S.p.A. reclassified income statement at 30 September 2005

in thousands of euro	3 rd quarter 2005		3 rd quarter 2004		At 30 September 2005		At 30 September 2004	
Net sales	436	100,0%	2.317	100,0%	3.619	100,0%	10.117	100,0%
Operating costs								
Staff costs	-494	-35,6%	-268	-11,6%	-1.288	-35,6%	-959	-9,5%
Materials and services	-1.577	-177,2%	-1.745	-75,3%	-6.413	-177,2%	-6.214	-61,4%
Adjustments/allocations to provision for risks and charges	197	-35,1%	-9	-0,4%	-1.269	-35,1%	-119	-1,2%
Other (costs) income, net	1.062	107,5%	274	11,8%	3.892	107,5%	900	8,9%
EBITDA (before extraordinary income and charges)	-770	-40,3%	569	24,6%	-1.459	-40,3%	3.725	36,8%
Extraordinary income								
Capital and contingency gains	0	501,5%	595	25,7%	18.150	501,5%	29.934	295,9%
Extraordinary charges								
Capital losses and other charges	-46	-11,5%	-710	-30,6%	-417	-11,5%	-3.616	-35,7%
EBITDA	-816	449,7%	454	19,6%	16.274	449,7%	30.043	297,0%
Depreciation of tangible assets	-134	-10,8%	-848	-36,6%	-391	-10,8%	-3.172	-31,4%
Amortisation of intangible assets	-84	-14,5%	-114	-4,9%	-524	-14,5%	-525	-5,2%
EBIT	-1.034	424,4%	-508	-21,9%	15.359	424,4%	26.346	260,4%
Income from equity investments	0	24,6%	0	0,0%	891	24,6%	223	2,2%
Financial income and charges	-197	-27,5%	-923	-39,8%	-995	-27,5%	-2.980	-29,5%
Income before tax	-1.231	421,5%	-1.431	-61,8%	15.255	421,5%	23.589	233,2%
Tax	355	-157,5%	433	18,7%	-5.700	-157,5%	-7.841	-77,5%
Net income for the period	-876	264,0%	-998	-43,1%	9.555	264,0%	15.748	155,7%

IMMSI S.p.A. balance sheet at 30 September 2005

in thousands of euro	30.09.2005	in %	30.06.2005	in %	31.12.2004	in %
Short-term assets						
Financial liquidity	14.902	5,3%	31.678	10,9%	11.491	3,8%
Operative assets	6.373	2,2%	8.333	2,9%	7.141	2,3%
TOTAL SHORT-TERM ASSETS	21.275	7,5%	40.011	13,8%	18.632	6,1%
Medium/long-term assets						
Medium/long-term financial assets	21.000	7,4%	9.000	3,1%	9.000	3,0%
Intangible assets	1.221	0,4%	1.296	0,4%	1.125	0,4%
Tangible assets	8.113	2,9%	7.976	2,7%	43.357	14,3%
Other assets	232.073	81,8%	232.073	79,9%	232.091	76,3%
TOTAL MEDIUM/LONG-TERM ASSETS	262.407	92,5%	250.345	86,2%	285.573	93,9%
TOTAL ASSETS	283.682	100,0%	290.356	100,0%	304.205	100,0%
Short-term liabilities						
Financial payables	1.000	0,4%	1.000	0,3%	2.000	0,7%
Operative liabilities	4.321	1,5%	9.568	3,3%	10.925	3,6%
TOTAL SHORT-TERM LIABILITIES	5.321	1,9%	10.568	3,6%	12.925	4,2%
Medium/long-term liabilities						
Financial payables	46.000	16,2%	46.000	15,8%	63.650	20,9%
Other medium/long-term liabilities	12.876	4,5%	13.427	4,6%	9.927	3,3%
MEDIUM/LONG-TERM LIABILITIES	58.876	20,8%	59.427	20,5%	73.577	24,2%
TOTAL LIABILITIES	64.197	22,6%	69.995	24,1%	86.502	28,4%
TOTAL SHAREHOLDERS' EQUITY	219.485	77,4%	220.361	75,9%	217.703	71,6%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	283.682	100,0%	290.356	100,0%	304.205	100,0%