



PRESS RELEASE

PIAGGIO GROUP: 2011-2014 BUSINESS PLAN

The Plan will be presented at 10:30 this morning in Milan during the Piaggio Group Analyst and Investor Meeting (Palazzo delle Stelline, Corso Magenta 61)

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Further growth based on the success of the 2010-2013 Plan guidelines

Broadening of the Piaggio Group's global presence

New industrial and commercial operations in Asia

Entry on to India's high-growth scooter market

Extension of vehicle and engine ranges for markets in Asia Pacific, with an increase in production capacity at Piaggio Vietnam

Further consolidation of European leadership in scooters after excellent performance in 2011, and growth in motorcycle segments with focus on the Moto Guzzi brand

Market debut of innovative engines with low/zero emissions and fuel efficiency

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Consolidated net sales approximately 2,000 million euro in 2014

EBITDA approximately 300 million euro in 2014 with 15% EBITDA margin

Net financial position approximately 340 million euro in 2014 with improvement in net debt/EBITDA ratio from 1.7 to 1.1

Milan, 14 December 2011 – Piaggio & C. S.p.A. Chairman and Chief Executive Officer Roberto Colaninno presented the Piaggio Group 2011-2014 Business Plan to the Board of Directors last night.

The Plan will be illustrated today, Wednesday 14 December 2011, during the Piaggio Group Analyst and Investor Meeting at Palazzo delle Stelline in Milan (corso Magenta, 61), starting at 10:30 a.m.

The 2011-2014 Plan is a further development in the strategic lines illustrated to the financial markets in 2010, as a result of which, despite the difficult international situation, which has had inevitable repercussions on demand in Piaggio's core markets and businesses, the Group is able today to report growth for all its main business and financial indicators.

The Plan presented this morning targets strong growth in productivity, thereby generating value for customers, employees and shareholders, by leveraging the Group's broader international presence to improve the competitiveness of its product costs in key processes like procurement, manufacturing and design.

With regard to the Group's businesses and geographical areas, the Plan's development strategy is aligned with the world economic scenario, targeting strong expansion on the high-growth emerging markets while maintaining and consolidating leadership positions on the mature markets.



Specifically:

- in the Asia Pacific region, the Group will extend its vehicle and engine ranges with a view to moving into new market segments with a premium positioning; it will also complete its entry into Indonesia and enter new Asian markets, assisted by an increase in production capacity at Piaggio Vietnam (300,000 vehicles/year compared with today's 140,000 vehicles/year);
- entry on to the Indian scooter market, where annual growth rates are high, with the Vespa premium brand; Vespa production will begin during the first quarter of 2012 in the new Baramati facility, which is currently being commissioned and already has a production capacity of more than 150,000 vehicles/year;
- on the mature markets, a further increase in European market share in scooters, where the Group reported an excellent performance in 2011, reinforcing its continental leadership, and growth in sales and margins for motorcycles, thanks to the Aprilia range and the Moto Guzzi brand, which will be presenting important new models starting in 2012.

In commercial vehicles, the 2011-2014 Plan targets higher sales and market share in the emerging countries and maintenance of current market positions in Europe, notably:

- in India, entry into new segments of the three-wheeler market with the new Ape, and increased market share in four-wheel commercial vehicles, thanks to the introduction of new products in the fastest growing segments;
- support for sales on the Indian market through consumer financing;
- a new export drive targeting the African, Asian and South American markets.

As far as technology is concerned, the 2011-2014 Plan focuses specifically on the development – for two-wheelers and for commercial vehicles – of new fuel-efficient, eco-sustainable combustion engines, an area where the Group is already a player of excellence. Beginning in 2012, in parallel with the launch of new vehicles, some of which were previewed at the 2011 EICMA motor show, the Piaggio Group will introduce new generations of highly innovative engines delivering a dramatic reduction in fuel consumption and emissions. Supported by its cooperation with the world's leading research centres and universities, it will also continue development work on vehicles equipped with new-generation electric motors, as well as hybrid engines, a field where the Group is already one of the world's most advanced manufacturers.

Looking at key business and financial indicators, during the period of the Plan the Piaggio Group forecasts significant growth in sales volumes thanks to expansion on the emerging markets, to reach sales of approximately 1,035,000 vehicles in 2014, as well as a significant increase in revenues – assisted by a positive mix effect on Western markets – for projected consolidated net sales of approximately 2,000 million euro in 2014.

For 2014 the Group is targeting EBITDA of approximately 300 million euro and a 15% EBITDA margin. Cash flow management will focus on keeping debt levels at a substantially stable level, remunerating invested capital and guaranteeing the important level of capex and R&D investment envisaged by the Plan. The projected net financial position for 2014 is approximately 340 million euro (compared with 350 million euro at 31.12.2011), with a significant improvement in the net debt/EBITDA ratio from 1.7 to 1.1.