



PRESS RELEASE

Board of Directors meeting

**PIAGGIO: APPROVAL FOR
2006 DRAFT FINANCIAL STATEMENTS**

- **NET SALES € 1,607.4 MLN (+10.7% YoY)**
- **EBITDA € 204 MLN, EDITDA MARGIN 12.7% (+10.4% YoY)**
- **OPERATING PROFIT € 114.2 MLN (+21.1% YoY)**
 - **NET PROFIT € 70.3 MLN (+85.5% YoY)**
 - **NET DEBT DOWN TO € 318.0 MLN**

- **PROPOSED DIVIDEND € 0.03 PER SHARE**

Milan, 16 March 2007 – At a meeting today in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the 2006 draft financial statements, to be presented at the Shareholders' Meeting called for 27 April (first call) and 7 May (second call).

During 2006, Piaggio's shares were admitted for trading on the Milan Stock Exchange. Since the IPO price fixed at € 2.3 per share, the Piaggio stock has gained more than 54% (percentage determined with reference to the closing price on march 15th 2007).

During the year, the Piaggio Group sold 680,800 vehicles worldwide. Specifically, 2006 Vespa sales volumes were in excess of 100,000 units (+15% YoY), and Moto Guzzi beat the 10,000 units threshold (+45.7% YoY), while many new products including the innovative Piaggio Mp3 three-wheel scooter made a successful market entry.

On international markets, the Group continued to expand in North America, where it posted a 59% increase in net sales, and in India, in light transport vehicles, where sales rose by more than 37%, enabling the Indian subsidiary to consolidate its positioning as second largest player on the market as a whole, with a share of 33.9%.

In China, operations continued at the Piaggio Zongshen Foshan Motorcycle joint venture. Piaggio holds a 45% interest in the joint venture which is therefore not included in the Group's consolidated results; during the year the venture produced more than 200,000 vehicles (of which more than 50,000 with Piaggio technology).



Piaggio Group **consolidated net sales** totalled € 1,607.4 million in 2006, a YoY increase of 10.7%.

The improvement reflected the strengthening in both the two-wheeler business (net sales +8.7%, volumes +6.3%) and light transport vehicles (net sales +17.3%, volumes +32%).

In the brand breakdown of the **two-wheeler business**, Piaggio, Gilera and Vespa reported a net sales gain of 11.3% over 2005, with more than 359,300 vehicles; Aprilia, whose sales volumes were aligned with 2005, boosted net sales by 7.9% thanks to a positive product mix; Moto Guzzi, with 10,200 motorcycles, archived a net sales increase by 70%, while Derbi brand had a downturn of approximately 10,000 vehicles, from 46,800 in 2005 to 36,400 in 2006.

The **light transport vehicles** business (LTV) closed the year with 160,300 units compared with 121,400 in 2005 (+32% YoY), while net sales rose from € 304.2 million in 2005 to € 356.6 million in 2006 (+17.2% YoY).

The growth of the LTV business was driven by the European market, where units increased by 4.6% to more than 20,000 units, and the Indian market with 139,400 units (+37.4% YoY).

The **industrial gross margin** was € 483.0 million, up 10.2% YoY, with a percentage on net sales of 30.0% (30.2 % in 2005).

Consolidated EBITDA was € 204 million, a rise of 10.4 % from € 184.8 million in 2005. The 2006 EBITDA margin was 12.7%, as in 2005.

Non-recurring expenses in 2006 included € 10.2 million of charges at the parent company for all the IPO's procedures, whereas the 2005 figures reflected € 18.6 million of non-recurring income for eco-incentives paid by the Ministry of the Environment relating to sales of environmentally friendly vehicles between June 2003 and July 2004.

2006 **operating profit (ebit)**, after depreciation and amortisation charges of € 89.8 million, was € 114.2 million, up € 19.9 million (+21.2% YoY) from € 94.3 million in 2005. Profitability also improved in 2006, rising to 7.1 %, from 6.5% in 2005.

The Group posted a **net financial charges** of € 26.0 million, compared with € 30.3 million in 2005, of which € 15.7 million relating to the bonded loan issued by the parent company last year.

After tax of € 17.9 million, net of deferred tax assets of € 12 million, the Group closed 2006 with a consolidated **net income** of € 70.3 million (gross of minority interests for € 0.4 million), an improvement of 85.5% over 2005.

Net debt stood at € 318 million at 31 December 2006, down from € 411.4 million at 31 December 2005. The € 93.4 million decrease arose principally from operating cash flows which fully funded investing activities of € 85.9.

Shareholders' equity at 31 December 2006 was € 438.7 million from € 348.5 million at 31 December 2005.



* * *

Significant events subsequent to Year end 2006

On 31 January 2007, following exercise of the 5,328,760 outstanding options on the 2004-2007 stock options plan, a total of 5,328,760 new shares were issued. Piaggio & C S.p.A. share capital therefore rose to € 205,941,272.16 represented by 396,040,908 shares with a par value of € 0.52.

Outlook

New vehicles to be launched in 2007 include the Gilera Fuoco three-wheeler scooter, the Gilera GP800 maxiscooter, the Aprilia Shiver and Mana motorbikes (the latter with an innovative automatic gearshift) and new 8-valve bikes at Moto Guzzi. During 2007, the Group will announce a total of 25 new entries.

In the Light Transport Vehicles business, the expansion of the product portfolio in India will continue with the Ape Truk 4-wheeler.

Piaggio & C. S.p.A.

The parent company reported net sales of € 1,216.2 million, positive EBITDA of € 141.6 million, operating profit of € 71.6 million and a net profit of € 71 million.

Given this net profit, the Board of Directors will ask the Shareholders' Meeting to approve payment of a dividend of € 0.03 per share, for a total payout of € 11.9 million. Coupon tear-off will be 21 May 2007, with payment as from 24 May 2007.

The Board of Directors also empowered the chairman and chief executive officer Roberto Colaninno and director Luciano La Noce to draw up terms and conditions for a new top management incentives plan consisting of options on own shares, replacing the previous incentives plan. The plan will be presented for approval at the next Shareholders' Meeting.

For more information:

IMMSI Press Office

Via Vivaio, 6 - 20122 Milan
Massimiliano Levi
Tel. +39 02 76212621
Fax +39 02 76212629
massimiliano.levi@immsi.it

Piaggio Group Press Office

Via Vivaio, 6 - 20122 Milan
Roberto M. Zerbi
Tel. +39 02 76212643-44-45-46
Fax +39 02 76212629
press@piaggio.com



PIAGGIO & C.s.p.a.

**PIAGGIO GROUP – CONSOLIDATED SCHEDULES
INCOME STATEMENT**

Income Statement (reclassified)		2006	2005
(amounts in ML€)			
Net Sales		1,607.4	1,451.8
Industrial Gross Margin		483.0	438.2
Operating Expense		-368.8	-343.9
Operating Profit		114.2	94.3
Profit Before Tax		88.2	64.0
Net Profit		70.3	38.1
.Minorities		0.4	0.2
.Group		70.0	37.9
Gross Margin / Net Sales	%	30.0	30.2
Operating Profit / Net Sales	%	7.1	6.5
Net Profit/Net Sales	%	4.4	2.6
EBITDA (operating)		204.0	184.8
EBITDA / Net Sales	%	12.7	12.7
Financial Situation			
Working Capital, Net		20.2	44.0
Property, Plant and Equipment, Net		257.0	260.1
Intangible Assets, Net		630.3	624.7
Non-Current Financial Assets		1.0	7.4
Provisions		-151.8	-176.3
Capital Employed, Net		756.7	759.9
Net Financial Position		318.0	411.4
Shareholders' Equity		438.7	348.5
Sources of Funds		756.7	759.9
Minority Interests		0.6	0.3
Movements in Net Financial Position			
Operating Net Financial Position		-411.4	-521.5
Cash Flow from Operations (Profit+Deprec./Amort.)		160.1	128.6
(Increase)/Decrease Working Capital		23.8	70.2
(Increase)/Decrease Investments		-85.9	-136.9
Net change Pension funds and Other provisions		-24.5	-10.9
Change Shareholders' Equity		19.9	59.2
Total Movements		93.4	110.1
Closing Net Financial Position		-318.0	-411.4

BALANCE SHEET

In thousands of euro	Note	At 31 December 2006	At 31 December 2005	Change
ASSETS				
Non-current assets				
Intangible assets	16	479,804	468,113	11,691
Property, plant and equipment	17	188,911	190,590	-1,679
Investment property	18	0	506	-506
Equity investments	19	92,797	98,069	-5,272
Other financial assets	20	27,730	41,126	-13,396
Non-current tax receivables	21	7,089	7,035	54
<i>Of which vs related parties</i>		63	9,790	(9,727)
Deferred tax assets	22	29,996	17,810	12,186
Trade and other receivables	23	4,393	1,285	3,108
Total Non-Current Assets		830,720	824,534	6,186
Assets held for sale	28	0	0	0
Current assets				
Trade and other receivables	24	217,529	175,249	42,280
<i>Of which vs related parties</i>		595	88	507
Current tax receivables	21	25,013	2,689	22,324
Inventories	25	171,585	132,675	38,910
Other financial assets	26	32,764	24,300	8,464
<i>Of which vs related parties</i>		30	123	(93)
Cash and cash equivalents	27	35,654	14,163	21,491
Total Current Assets		482,545	349,076	133,469
TOTAL ASSETS		1,313,265	1,173,610	139,655

In thousands of euro	Note	At 31 December 2006	At 31 December 2005	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	29	203,170	194,827	8,343
Share premium reserve	29	32,961	24,500	8,461
Legal reserve	29	723	723	0
Other reserves	29	76,710	51,515	25,195
Retained earnings	29	-34,707	-30,211	-4,496
Net profit (loss) for the year	29	71,006	15,882	55,124
Total Shareholders' Equity		349,863	257,236	92,627
Non-current liabilities				
Borrowings due after one year	30	345,775	350,971	-5,196
Trade and other non-current payables	31	14,876	7,169	7,707
Pension funds and employee benefits	34	72,750	72,889	-139
Other non-current provisions	32	20,936	22,222	1,714
Deferred tax liabilities	33	26,963	28,192	-1,215
Total Non-Current Liabilities		481,301	481,443	2,872
Current liabilities				
Borrowings due within one year	30	21,739	94,468	-72,729
Trade payables	31	332,530	240,025	92,504
		<i>Of which vs related parties</i>	<i>908</i>	<i>1,574</i>
			<i>(666)</i>	
Tax liabilities	35	8,385	7,509	876
Other current liabilities	36	108,519	62,163	46,356
		<i>Of which vs related parties</i>	<i>156</i>	<i>0</i>
			<i>156</i>	
Current portion of non-current provisions	32	10,927	30,765	-22,838
Total Current Liabilities		482,101	434,930	44,170
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,313,265	1,173,610	139,655



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

In thousands of euro	Note	2006	2005	Change
Net sales	4	1,607,412	1,451,781	155,631
<i>Of which vs related parties</i>	30	0	30	
Cost of materials	5	946,528	847,171	99,357
<i>Of which vs related parties</i>	35,610	3,323	32,287	
Cost of service and use of third-party assets	6	323,073	298,925	24,148
<i>Of which vs related parties</i>	4,659	4,104	555	
<i>Of which for non-recurring transactions</i>	10,276	0	10,276	
Staff costs	7	236,168	225,500	10,668
Depreciation tangible assets	8	40,225	42,464	(2,239)
Amortisation intangible assets	8	49,557	48,040	1,517
Other operating income	9	128,741	143,222	(14,481)
<i>Of which vs related parties</i>	1,762	106	1,656	
<i>Of which for non-recurring transactions</i>	0	18,624	(18,624)	
Other operating costs	10	26,378	38,643	(12,265)
<i>Of which vs related parties</i>	36	0	36	
Operating profit		114,224	94,260	19,964
Result of equity investments		(17)	(10)	(7)
Financial income	11	15,476	14,767	709
Financial costs	11	(41,445)	(45,058)	3,613
<i>Of which vs related parties</i>	0	(288)	288	
Profit before tax		88,238	63,959	24,279
Tax for the period	12	17,893	25,891	(7,998)
Result from assets in use		70,345	38,068	32,277
Assets to be discontinued:				
Gain or loss from assets to be discontinued	13	0	0	0
Consolidated net profit		70,345	38,068	32,277
Attributable to:				
Equity holders of the parent company		69,976	37,883	32,093
Minority interests		369	185	184
Earnings per share (in €)	14	0.18	0.10	0.08
Diluted earnings per share (in €)	14	0.17	-	-



BALANCE SHEET

In thousands of euro	Note	At 31 December 2006	At 31 December 2005	Change
ASSETS				
Non-current assets				
Intangible assets	15	630,316	624,746	5,570
Property, plant and equipment	16	256,966	259,591	(2,625)
Investment property	17		506	(506)
Equity investments	18	754	650	104
Other financial assets	19	240	10,354	(10,114)
<i>Of which vs related parties</i>	63		10,171	(10,108)
Non-current tax receivables	20	7,716	7,156	560
Deferred tax assets	21	46,742	35,135	11,607
Trade and other receivables	22	6,576	7,140	(564)
<i>Of which vs related parties</i>	363		3,776	(3,413)
Total non-current assets		949,310	945,278	4,032
Assets held for sale	27		55	(55)
Current assets				
Trade and other receivables	23	170,604	176,772	(6,168)
<i>Of which vs related parties</i>	5,125		962	4,163
Current tax receivables	20	35,383	12,440	22,943
Inventories	24	233,306	192,029	41,277
Other financial assets	25	11,866	137	11,729
<i>Of which vs related parties</i>	30		123	(93)
Cash and cash equivalents	26	68,857	42,770	26,087
Total current assets		520,016	424,148	95,868
TOTAL ASSETS		1,469,326	1,369,481	99,845

In thousands of euro	Note	At 31 December 2006	At 31 December 2005	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of the parent company	28	438,091	348,213	89,878
Share capital and reserves attributable to minority interests	28	607	254	353
Total shareholders' equity		438,698	348,467	90,231
Non-current liabilities				
Borrowings due after one year	29	355,935	375,596	(19,661)
<i>Of which vs related parties</i>	0	55	(55)	
Trade payables	30	0	223	(223)
Pension funds and employee benefits	33	78,148	77,068	1,080
Other non-current provisions	31	21,906	44,552	(22,646)
Non-current tax liabilities	34	188	797	(609)
Other non-current liabilities	35	17,499	12,383	5,116
Deferred tax liabilities	32	34,822	35,002	(180)
Total non-current liabilities		508,498	545,621	(37,123)
Current liabilities				
Borrowings due within one year	29	42,794	88,488	(45,694)
Trade payables	30	394,709	296,616	98,093
<i>Of which vs related parties</i>	10,225	4,079	6,146	
Tax liabilities	34	15,375	14,348	1,027
Other current liabilities	35	52,370	56,237	(3,867)
<i>Of which vs related parties</i>	156	0	156	
Current portion of other non-current provisions	31	16,882	19,704	(2,822)
Total current liabilities		522,130	475,393	46,737
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,469,326	1,369,481	99,845

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.