





Group **consolidated net sales** in 2008 amounted to € 1,570.1 million, down 7.2% from € 1,692.1 million in 2007.

Specifically, the two-wheeler sector reported a revenue decrease of 10% to € 1,180.7 million in 2008, offset in part by the 2.4% improvement in commercial vehicles, where 2008 revenues totalled € 389.4 million.

Performance in the two-wheeler sector was subject to particularly difficult conditions in the main regions covered by the Piaggio Group. Demand in 2008 was down on 2007, both in Italy (-7.1% overall, with a reduction of 10.6% in the motorcycle segment) and in Europe, including Italy (-6% overall, -10% in motorcycles). In North America, the overall slowdown of 6% on the two-wheeler market was accompanied by an improvement of 35% in the scooter segment.

The revenue downturn also reflected the impact of the appreciation of the euro against the US dollar, the Indian rupee and the British pound, for a negative effect on revenues of approximately € 38 million compared with 2007; an additional factor was the reduction in the five-year BMW order, producing a negative effect of € 18.0 million with respect to 2007.

Piaggio Group Americas, on the other hand, reported particularly positive results, with improvements of 28.7% in the number of vehicles sold (31,600 in 2008) and 19.8% in revenues (€ 95.0 million in 2008). This growth stemmed largely from commercial volumes for the Vespa, whose worldwide sales in 2008 once again exceeded 100,000 vehicles.

In the commercial vehicles business, the growth reported by the Group in Europe and India – with revenues from vehicle sales increasing by 3.8% and 2.5% respectively – was achieved in a context of declining demand in both regions.

The **industrial gross margin** was € 468.8 million compared with € 498.4 million in 2007, with a significant **improvement in the return on net sales** (29.9%, up from 29.5% in 2007) as a result of incisive action to contain product costs.

**Consolidated EBITDA** was € 189.1 million, against € 226.1 million in 2007. The 2008 EBITDA margin was 12.0%, down from 13.4% in 2007.

2008 **operating profit** was € 94.5 million compared with € 136.6 million in 2007, after depreciation and amortisation of € 94.5 million (up € 5.0 million from 2007).

**Profit before tax** was € 59.6 million in 2008, compared with € 103.5 million in 2007. **Net profit** was € 43.3 million, against € 60.0 million in 2007.

The Group posted a **net financial charge** of € 34.9 million, compared with a net charge of € 33.1 million in 2007.

The Piaggio Group's **capital expenditure** for 2008 totalled € 102.9 million, including € 25.3 million for its new industrial projects in **Vietnam** and **India**.

**Consolidated net debt** increased from € 269.8 million at 31 December 2007 to € 359.7 million at 31 December 2008.

The increase of € 89.9 million reflects the Group's decision to make a cash settlement on the Piaggio 2004-2009 warrants for a total amount of € 64.2 million, rather than issue new shares; the dividend payout of € 23.5 million; and share buy-backs totalling € 26.1 million.



**Shareholders' equity** at 31 December 2008 was € 398.2 million compared with € 471.4 million at 31 December 2007, reflecting the impact of the cash settlement on warrants and the buy-back programme.

\* \* \*

## Events after 31 December 2008

On 6 February 2009, the Italian Cabinet approved a decree law to stimulate demand for two-, three- and four-wheel vehicles and encourage consumers to purchase products with a low environmental impact. Consistently with its own commitment to environmental sustainability and its R&D work on environmental-friendly mobility, the Piaggio Group has introduced timely promotional initiatives to enhance the incentives provided under the decree law for customers purchasing models in its scooter, moped and commercial vehicle ranges.

On 4 February 2009, Standard & Poor's confirmed the parent company's BB corporate rating with stable outlook.

In January and February, the parent company continued to buy back shares in connection with the ordinary share buy-back and disposal plan approved by the Shareholders' Meeting of 24 June 2008. At 20 February 2009, it held a total of 27,372,977 own shares, with an average purchase price of € 1.9685.

## Outlook

During 2009 the Piaggio Group will focus on new product development, production cost rationalisation and productivity enhancement, taking action to boost sales of three/four-wheel commercial vehicles in India and Europe. Particular attention will be given to the re-launch of the Moto Guzzi brand and consolidation of the scooter business in Europe and America. During 2009 the Piaggio Group will be concentrating on its new investments in products, in particular hybrid engines, with the market launch of the Mp3 hybrid scooter, and the completion of the Aprilia high-power motorcycle range. On the international growth front, it will begin marketing operations for Vespa scooters produced in Vietnam, and complete work on the new engines plant in India.

## Piaggio & C. S.p.A.

The parent company posted net sales of € 1,276.3 million, EBITDA of € 135.4 million, operating profit of € 48.6 million and a net profit of € 30.0 million.

Given this result, the Board of Directors will ask the shareholders to approve payment of a dividend of € 0.06 per share, including the amount attributable to own shares pursuant to art. 2357-ter of the Italian Civil Code, for a total payout of € 22,120,075.86 million. Coupon tear-off will be on 18/05/2009, with payment on 21/05/2009.

\* \* \*

The manager in charge of preparing the company accounts and documents, Alessandra Simonotto, certifies, pursuant to paragraph 2, art. 154 bis of Legislative Decree no. 58/1998 (Consolidated Law on Financial Intermediation), that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.



**PIAGGIO CONSOLIDATED FINANCIAL STATEMENTS – INCOME STATEMENT**
**INCOME STATEMENT**

In thousands of euro	Note	2008	2007	Change
<b>Net sales</b>	4	<b>1,570,060</b>	<b>1,692,126</b>	<b>(122,066)</b>
<i>of which vs related parties</i>	58	1	57	
Cost of materials	5	936,603	1,020,442	(83,839)
<i>of which vs related parties</i>		43,855	51,202	(7,347)
Cost of services and use of third-party assets	6	292,920	303,560	(10,640)
<i>of which vs related parties</i>		1,557	1,393	164
Employee expenses	7	250,967	237,754	13,213
Depreciation property, plant and equipment	8	38,073	39,802	(1,729)
Amortisation intangible assets	8	56,467	49,724	6,743
Other operating income	9	133,474	127,487	5,987
<i>of which vs related parties</i>		2,035	4,417	(2,382)
Other operating expense	10	33,993	31,754	2,239
<i>of which vs related parties</i>	10	14	(4)	
<b>Operating profit</b>		<b>94,511</b>	<b>136,577</b>	<b>(42,066)</b>
Share of result of associates		12	79	(67)
Finance income	11	31,906	17,552	14,354
Finance expense		(66,796)	(50,679)	(16,117)
<i>of which vs related parties</i>	11	246	0	246
<b>Profit before tax</b>		<b>59,633</b>	<b>103,529</b>	<b>(43,896)</b>
Income tax expense	12	16,302	43,527	(27,225)
<b>Result from on-going operations</b>		<b>43,331</b>	<b>60,002</b>	<b>(16,671)</b>
<b>Discontinued operations:</b>				
Profit or loss from discontinued operations	13			0
<b>Consolidated net profit</b>		<b>43,331</b>	<b>60,002</b>	<b>(16,671)</b>
<b>Attributable to:</b>				
Equity holders of the parent		43,001	59,561	(16,560)
Minority interests		330	441	(111)
Earnings per share (in €)	14	0.11	0.15	(0.04)
Diluted earnings per share (in €)	14	0.11	0.14	(0.03)



**BALANCE SHEET**

**Balance Sheet**

In thousands of euro	Note	At 31 December 2008	At 31 December 2007	Change
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	15	648,234	637,535	10,699
Property, plant and equipment	16	250,354	248,595	1,759
Investment property	17			0
Equity investments	18	239	725	(486)
Other financial assets	19	359	235	124
<i>of which vs related parties</i>	0		58	(58)
Non-current tax receivables	20	8,166	7,821	345
Deferred tax assets	21	36,227	33,532	2,695
Trade receivables	22	0	0	0
Other receivables	23	12,587	8,877	3,710
<i>of which vs related parties</i>		799	830	(31)
<b>Total non-current assets</b>		<b>956,166</b>	<b>937,320</b>	<b>18,846</b>
<b>Assets held for sale</b>	27			<b>0</b>
<b>Current assets</b>				
Trade receivables	22	90,278	121,412	(31,134)
<i>of which vs related parties</i>		460	2,042	(1,582)
Other receivables	23	21,380	20,345	1,035
<i>of which vs related parties</i>		1,961	226	1,735
Current tax receivables	20	27,772	19,621	8,151
Inventories	24	257,961	225,529	32,432
Other financial assets	25	5,787	18,418	(12,631)
<i>of which vs related parties</i>		45	58	(13)
Cash and cash equivalents	26	39,985	101,334	(61,349)
<b>Total current assets</b>		<b>443,163</b>	<b>506,659</b>	<b>(63,496)</b>
<b>TOTAL ASSETS</b>		<b>1,399,329</b>	<b>1,443,979</b>	<b>(44,650)</b>

In thousands of euro	Note	At 31 December 2008	At 31 December 2007	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Shareholders' equity</b>				
Share capital and reserve attributable to equity holders of parent	30	396,767	470,397	(73,630)
Share capital and reserve attributable to minority interests	30	1,454	1,050	404
<b>Total shareholders' equity</b>		<b>398,221</b>	<b>471,447</b>	<b>(73,226)</b>
<b>Non-current liabilities</b>				
Borrowings due after one year	31	264,789	322,921	(58,132)
Pension funds and employee benefits	35	64,160	62,204	1,956
Other non-current provisions	33	21,678	19,969	1,709
Non-current tax payables	36	166		166
Other long-term payables	37	5,965	20,746	(14,781)
Deferred tax liabilities	34	31,795	39,514	(7,719)
<b>Total non-current liabilities</b>		<b>388,553</b>	<b>465,354</b>	<b>(76,801)</b>
<b>Current liabilities</b>				
Borrowings due within one year	31	140,691	66,614	74,077
Trade payables	32	362,224	347,460	14,764
<i>of which vs related parties</i>		<i>8,712</i>	<i>4,781</i>	<i>3,931</i>
Tax liabilities	36	19,065	9,683	9,382
Other current liabilities	37	70,677	59,662	11,015
<i>of which vs related parties</i>		<i>600</i>	<i>180</i>	<i>420</i>
Current portion of other non-current provisions	33	19,898	23,759	(3,861)
<b>Total current liabilities</b>		<b>612,555</b>	<b>507,178</b>	<b>105,377</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,399,329</b>	<b>1,443,979</b>	<b>(44,650)</b>

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

In thousands of euro	Note	2008	2007	Change
<b>Net sales</b>	3	<b>1,276,332</b>	<b>1,330,127</b>	<b>(53,795)</b>
<i>of which vs related parties</i>		159,261	152,185	7,076
Cost of materials	4	719,603	750,134	(30,531)
<i>of which vs related parties</i>		67,568	75,800	(8,232)
Cost of services and use of third-party assets	5	279,661	272,480	7,181
<i>of which vs related parties</i>		38,701	36,837	1,864
Employee expenses	6	205,157	182,643	22,514
Depreciation property, plant and equipment	7	32,170	31,132	1,038
Amortisation intangible assets	7	54,597	40,462	14,135
Other operating income	8	90,510	75,368	15,142
<i>of which vs related parties</i>		17,507	15,206	2,301
Other operating expense	9	27,040	23,113	3,927
<i>of which vs related parties</i>		28	113	(85)
<b>Operating profit</b>		<b>48,614</b>	<b>105,531</b>	<b>(56,917)</b>
Share of result of associates	10	18,090	13,100	4,990
Finance income	11	30,598	20,988	9,610
<i>of which vs related parties</i>		646	3,672	(3,026)
Finance expense	11	67,077	48,417	18,660
<i>of which vs related parties</i>		16,420	16,453	(33)
<b>Profit before tax</b>		<b>30,225</b>	<b>91,202</b>	<b>(26,683)</b>
<b>Income tax expense</b>	12	<b>241</b>	<b>26,732</b>	<b>(26,491)</b>
<b>Result from on-going operations</b>		<b>29,984</b>	<b>64,470</b>	<b>(34,486)</b>
<b>Discontinued operations:</b>				
<b>Profit or loss from discontinued operations</b>	13			<b>0</b>
<b>Net profit</b>		<b>29,984</b>	<b>64,470</b>	<b>(34,486)</b>
Earnings per share (in €)	14	<b>0.08</b>	<b>0.16</b>	<b>(0.08)</b>
Diluted earnings per share (in €)	14	<b>0.08</b>	<b>0.15</b>	<b>(0.07)</b>

**BALANCE SHEET**

In thousands of euro	Note	At 31 December 2008	At 31 December 2007	Change
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	15	523,287	484,744	38,543
Property, plant and equipment	16	195,060	179,282	15,778
Investment property	17			0
Equity investments	18	64,673	100,012	(35,339)
Other financial assets	19	24,359	24,225	134
<i>of which vs related parties</i>		24,239	24,000	239
Non-current tax receivables	20	1,234	7,425	(6,191)
Deferred tax assets	21	22,493	16,206	6,287
Trade receivables e other receivables	22	4,899	2,664	2,235
<i>of which vs related parties</i>		398	390	8
<b>Total non-current assets</b>		<b>836,005</b>	<b>814,558</b>	<b>21,447</b>
<b>Assets held for sale</b>	28			<b>0</b>
<b>Current assets</b>				
Trade receivables e other receivables	23	138,873	181,858	(42,985)
<i>of which vs related parties</i>		64,145	98,799	(34,654)
Current tax receivables	20	20,694	2,596	18,098
Inventories	24	211,452	154,004	57,448
Other financial assets	25	39,120	13,832	25,288
<i>of which vs related parties</i>		34,937	13,455	21,482
Cash and cash equivalents	26	11,312	87,307	(75,995)
<b>Total current assets</b>		<b>421,451</b>	<b>439,597</b>	<b>(18,146)</b>
<b>TOTAL ASSETS</b>		<b>1,257,456</b>	<b>1,254,155</b>	<b>3,301</b>

In thousands of euro	Note	At 31 December 2008	At 31 December 2007	Change
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	30	192,148	202,124	(9,976)
Share premium reserve	30	3,493	3,493	0
Legal reserve	30	7,497	4,273	3,224
Other reserves	30	19,583	82,547	(62,964)
Retained earnings (accumulated losses)	30	54,361	32,562	21,799
Profit (loss) for the year	30	29,984	64,470	(34,486)
<b>Total shareholders' equity</b>		<b>307,066</b>	<b>389,469</b>	<b>(82,403)</b>
<b>Non-current liabilities</b>				
Borrowings due after one year	31	290,505	313,421	(22,916)
<i>of which vs related parties</i>		<i>146,257</i>	<i>145,374</i>	<i>883</i>
Other long-term payables	37	5,884	13,712	(7,828)
Pension funds and employee benefits	35	61,974	57,575	4,399
Other non-current provisions	33	27,084	25,510	1,574
Deferred tax liabilities	34	27,432	30,042	(2,610)
<b>Total non-current liabilities</b>		<b>412,879</b>	<b>440,260</b>	<b>(27,381)</b>
<b>Current liabilities</b>				
Borrowings due within one year	31	121,410	55,937	65,473
<i>of which vs related parties</i>		<i>247</i>	<i>302</i>	<i>(55)</i>
Trade payables	32	325,346	286,349	38,997
<i>of which vs related parties</i>		<i>27,478</i>	<i>28,395</i>	<i>(917)</i>
Tax liabilities	36	15,664	6,445	9,219
Other current liabilities	37	62,840	63,574	(734)
<i>of which vs related parties</i>		<i>8,643</i>	<i>14,292</i>	<i>(5,649)</i>
Current portion of other non-current provisions	33	12,251	12,121	130
<b>Total current liabilities</b>		<b>537,511</b>	<b>424,426</b>	<b>113,085</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,257,456</b>	<b>1,254,155</b>	<b>3,301</b>

**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.