PIAGGIO & C. s.p.a.

PRESS INFORMATION

PRESS RELEASE

Meeting of the Board of Directors

FIRST NINE MONTHS 2008

- **NET SALES € 1,289.3 MLN (€ 1,369.8 MLN first nine months 2007)**
- **IMPROVEMENT IN INDUSTRIAL MARGINS**
- **EBITDA € 179.4 MLN (€ 200.4 MLN first nine months 2007)**
- **NET PROFIT € 62.0 MLN (€ 66.4 MLN first nine months 2007)**

Milan, 30 October 2008 – At a meeting in Milan chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the quarterly report to 30 September 2008.

The Piaggio Group boosted productivity on its industrial operations in the first nine months of 2008, maintaining significant cash flow and thus offsetting the effects of the rise in raw materials costs.

Sales in the first nine months of the year slackened by 5.9% from the year-earlier period. The sales slowdown in the 2008 half-year was 7.0%.

Consolidated net sales in the first nine months of 2008 amounted to € 1,289.3 million, from € 1,369.8 million in the year-earlier period. The 5.9% downturn in net sales was due in part to the rise in value of the euro against foreign currencies, with a negative impact of approximately € 34.4 million compared with the year-earlier nine months. Net of the exchange-rate effect, the net sales decrease was 3.4%.

The Group reported an improvement in the ratio of industrial gross margin to net sales from 30.1% to 30.3%, while the margin was € 390.5 million against € 412.7 million in the year-earlier period.

Consolidated EBITDA was € 179.4 million, for an EBITDA margin of 13.9%, compared with € 200.4 million and 14.6% respectively in the year-earlier period.

EBIT at the end of the third quarter of 2008 was € 110.1 million against € 138.3 million in the year-earlier period, reflecting the impact of an increase of € 7.2 million in depreciation and amortisation charges from the first nine months of 2007 as the Group continued its investment plans.

For the first nine months of 2008 the Piaggio Group posted profit before tax of € 83.8 million and a net profit of € 62.0 million (-6.6% YoY), after tax of € 21.8 million computed on an expected full-year mean tax rate lower than the rate applied in 2007, partly as the result of recognition of deferred tax assets.

Consolidated net debt at 30 September 2008 was € 327.4 million, from € 269.8 million at 31 December 2007. The increase of more than € 57 million reflects the cash settlement of 2004-2009 warrants for € 64.2 million, the dividend payout of € 23.5 million (€ 11.9 million in 2007) and share buybacks (€ 19.2 million at 30 September 2008).

Shareholders' equity at 30 September 2008 was € 426.6 million, compared with € 471.4 million at 31 December 2007.

Events after 30 September 2008

During October, the Parent Company continued to buy back shares as approved by the Shareholders' Meeting of 24 June 2008. At 29 October 2008 it held 24,644,318 own shares, with an average purchase price of € 2.0452.

With reference to the Piaggio 2007-2009 Incentives Plan, on 3 October 2008 the company granted 300,000 stock options. Today, therefore, all 10,000,000 stock options have been granted.

Since 27 October the Chief Financial Officer Michele Pallottini has also been head of Investor Relations.

In October work was completed ahead of schedule on the production facility in Hanoi, Vietnam, and Vespa pre-production began: mass production will commence in January 2009. The facility in India (Baramati) for production of the new 1000-1200 cc diesel engines is nearing completion, and will begin operations in the second half of 2009. The roll-out of the sales organisation in South East Asia and Australia to market 2-wheeler as well as 3/4-wheeler products was completed.

Outlook
In line with the first nine months of 2008, management will focus on raising productivity and containing costs.

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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.

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PIAGGIO GROUP – CONSOLIDATED SCHEDULES

INCOME STATEMENT

In thousands of euro	Note	1-1 / 30-9-2008	1-1 / 30-9-2007	Change
Net sales	4	**1,289,322**	**1,369,800**	**(80,478)**
of which vs related parties		*56*	*0*	*56*
Cost of materials	5	766,365	818,839	(52,474)
of which vs related parties		*39,985*	*35,293*	*4,692*
Cost of services and use of third-party assets	6	230,276	241,149	(10,873)
of which vs related parties		*852*	*1,119*	*(267)*
Employee expenses	7	193,552	182,942	10,610
Depreciation property, plant and equipment	8	29,063	29,940	(877)
Amortisation intangible assets	8	40,237	32,185	8,052
Other operating income	9	101,805	95,415	6,390
of which vs related parties		*1,649*	*3,285*	*(1,636)*
Other operating expense	10	21,508	21,897	(389)
of which vs related parties		*4*	*82*	*(78)*
Operating profit		**110,126**	**138,263**	**(28,137)**
Share of result of associates		49	2	47
Finance income	11	14,135	10,456	3,679
Finance expense	11	(40,549)	(34,261)	(6,288)
Profit before tax		**83,761**	**114,460**	**(30,699)**
Income tax expense	12	**21,778**	**48,074**	**(26,296)**
Result from on-going operations		**61,983**	**66,386**	**(4,403)**
Discontinued operations:				
Profit or loss from discontinued operations	13			
Consolidated net profit		**61,983**	**66,386**	**(4,403)**
Attributable to:				
Equity holders of the parent		**61,497**	**66,046**	**(4,549)**
Minority interests		**486**	**340**	**146**
Earnings per share (in €)	14	**0.16**	**0.17**	**(0.01)**
Diluted earnings per share (in €)	14	**0.16**	**0.16**	**0.00**

BALANCE SHEET

In thousands of euro	Note	At 30 September 2008	At 31 December 2007	Change
ASSETS				
Non-current assets				
Intangible assets	15	634,649	637,535	(2,886)
Property, plant and equipment	16	238,322	248,595	(10,273)
Investment property	17			0
Equity investments	18	719	725	(6)
Other financial assets	19	165	235	(70)
of which vs related parties		*0*	*58*	*(58)*
Non-current tax receivables	20	14,873	7,821	7,052
Deferred tax assets	21	23,116	33,532	(10,416)
Trade receivables	22	96	0	96
Other receivables	23	10,992	8,877	2,115
of which vs related parties		*830*	*830*	*0*
Total Non-current assets		**922,932**	**937,320**	**(14,388)**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	203,307	121,412	81,895
of which vs related parties		*1,500*	*2,042*	*(542)*
Other receivables	23	18,096	20,345	(2,249)
of which vs related parties		*407*	*226*	*181*
Current tax receivables	20	21,639	19,621	2,018
Inventories	24	269,136	225,529	43,607
Other financial assets	25	12,700	18,418	(5,718)
of which vs related parties		*58*	*58*	*0*
Cash and cash equivalents	26	57,965	101,334	(43,369)
Total Current assets		**582,843**	**506,659**	**76,184**
TOTAL ASSETS		**1,505,775**	**1,443,979**	**61,796**

In thousands of euro	Note	At 30 September 2008	At 31 December 2007	Change
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital and reserves attributable to equity holders of parent	28	425,230	470,397	(45,167)
Share capital and reserves attributable to minority interests	28	1,368	1,050	318
Total shareholders' equity		**426,598**	**471,447**	**(44,849)**
Non-current liabilities				
Borrowings due after one year	29	306,196	322,921	(16,725)
Trade payables	30	0	0	0
Pension funds and employee benefits	33	61,820	62,204	(384)
Other non-current provisions	31	21,930	19,969	1,961
Tax payables	34	0	0	0
Other long-term payables	35	7,525	20,746	(13,221)
Deferred tax liabilities	32	24,049	39,514	(15,465)
Total Non-current liabilities		**421,520**	**465,354**	**(43,834)**
Current liabilities				
Borrowings due within one year	29	91,843	66,614	25,229
Trade payables	30	432,008	347,460	84,548
of which vs related parties	*7,727*	*4,781*	*2,946*	
Tax liabilities	34	24,910	9,683	15,227
Other current liabilities	35	87,753	59,662	28,091
of which vs related parties	*261*	*180*	*81*	
Current portion of other non-current provisions	31	21,143	23,759	(2,616)
Total Current liabilities		**657,657**	**507,178**	**150,479**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,505,775**	**1,443,979**	**61,796**

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.