



# Piaggio Group

Turn-around Mission Speeding Up

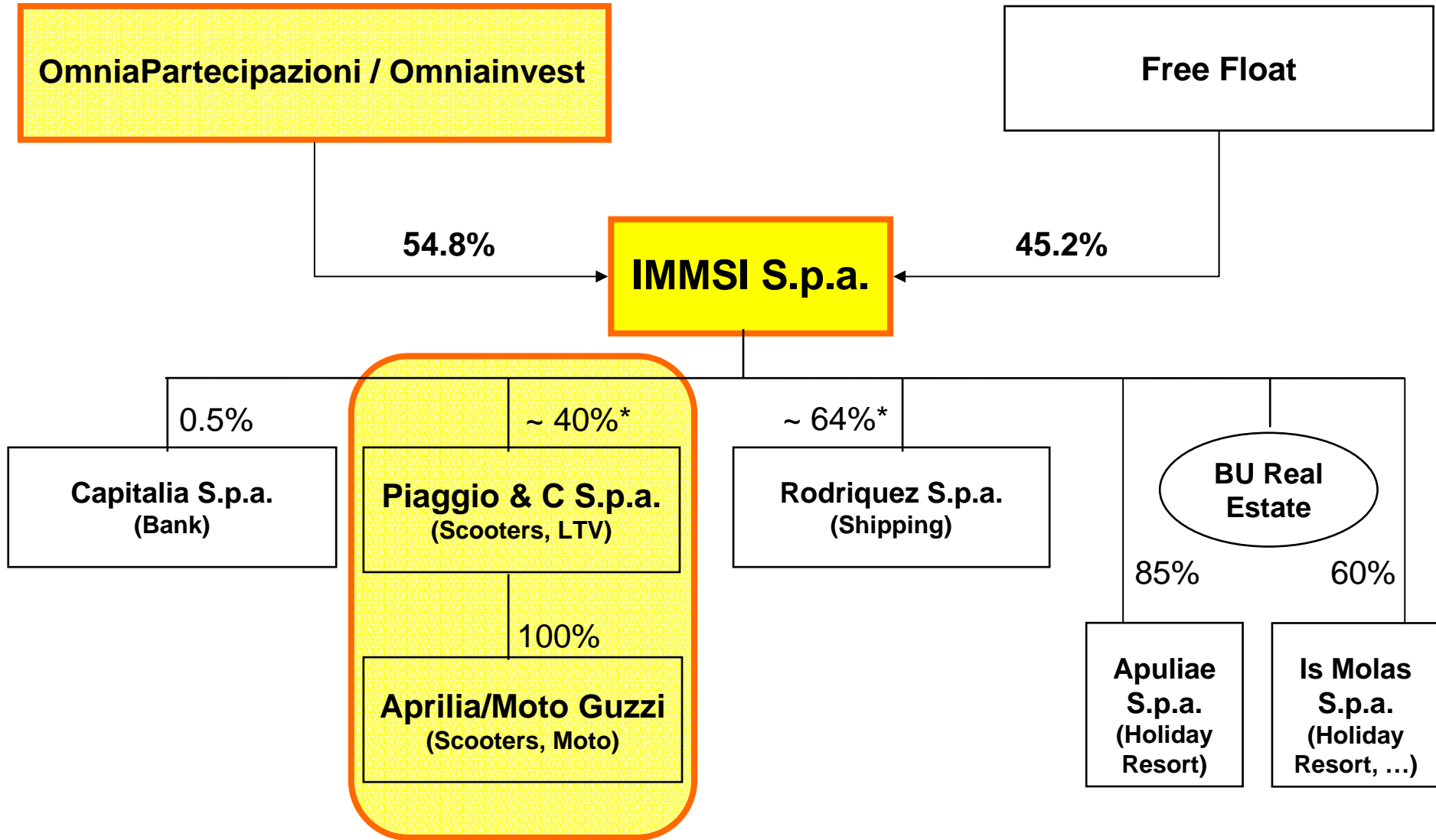
Roberto Colaninno  
Chairman Piaggio Group

Verona University  
14<sup>th</sup> December 2005

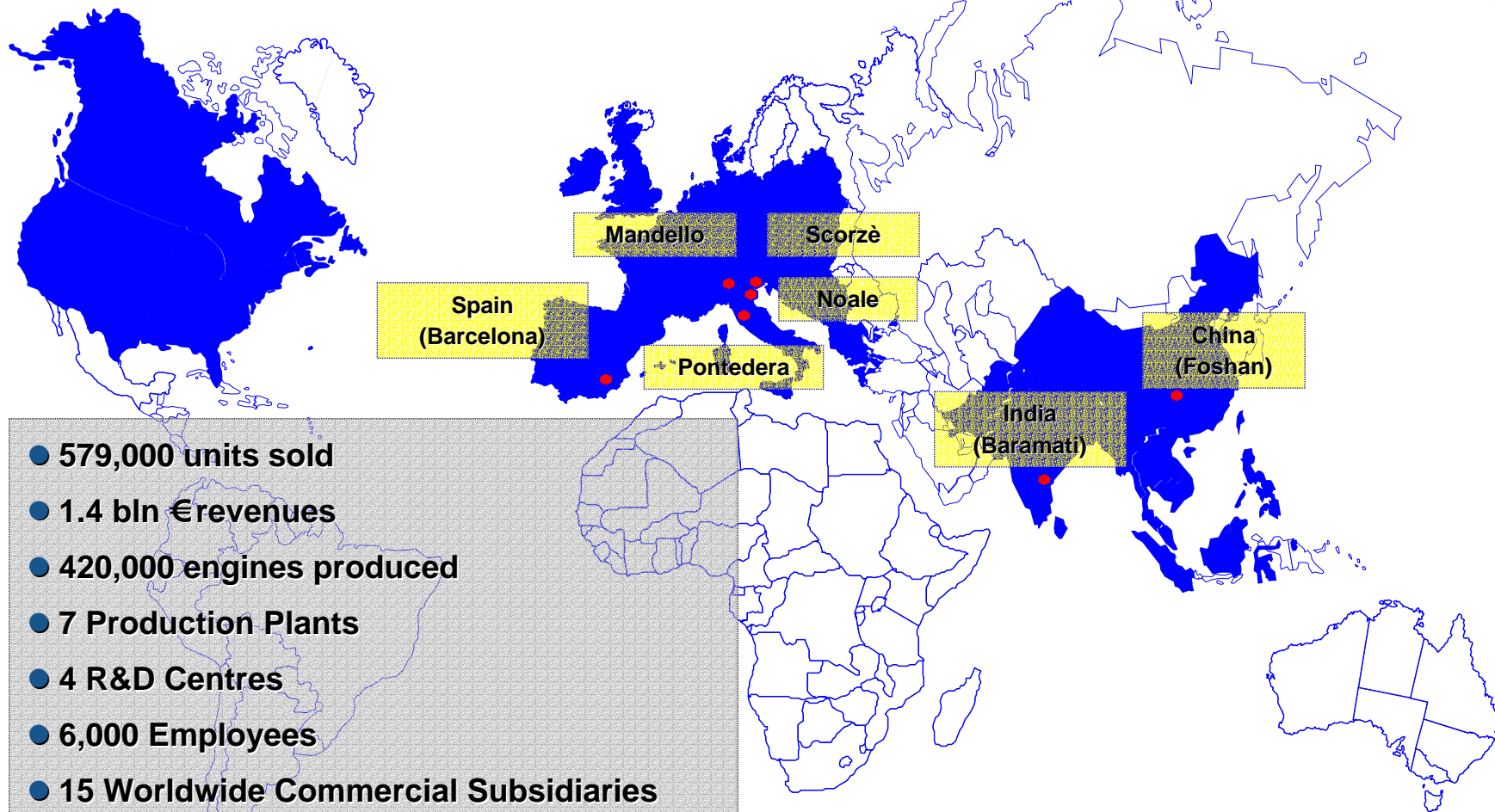
**Immsi**

# IMMSI

A "Small-Mid Cap" listed at Milan Stock Exchange from feb '00



# Today Piaggio is a worldwide “Full Liner” Operator...



- 579,000 units sold
- 1.4 bln € revenues
- 420,000 engines produced
- 7 Production Plants
- 4 R&D Centres
- 6,000 Employees
- 15 Worldwide Commercial Subsidiaries
- 50 Countries served

*Pro forma for the 2004 Aprilia acquisition*



...with a diversified business portfolio...

### 2 W Scooters

65.2% of Total Sales  
73.3% of Total Vehicles

- Design, development & production of scooters with displacements from 50cc to 500cc
- Full range of products from generalist to specialized and from functionality to sport
- European Market Leadership
- Brands managed: Piaggio, Vespa, Derbi, Gilera, Aprilia, Scarabeo

### 2 W Motorcycles

17.0% of Total Sales  
11.0% of Total Vehicles

- Design, development & production of motorcycle with displacement from 50cc to 1100cc
- Successful racing team (Aprilia) with cutting edge technology, power and performance
- Brands managed: Derbi, Aprilia, Moto Guzzi, Gilera

### Light Transport Vehicles (LTV)

17.3% of Total Sales  
15.7% of Total Vehicles

- Design, development & production of light transport vehicles (3 and 4 Wheelers) for utility and personal mobility (used mainly in rural areas and for small businesses) in Europe (primarily Italy) and India
- Niche market player in Europe, market leadership in India
- Brands managed: Piaggio, with product brands; APE (3W), Porter (4W), Quargo (4W)

\* Pro forma for the 2004 Aprilia acquisition



DERBI



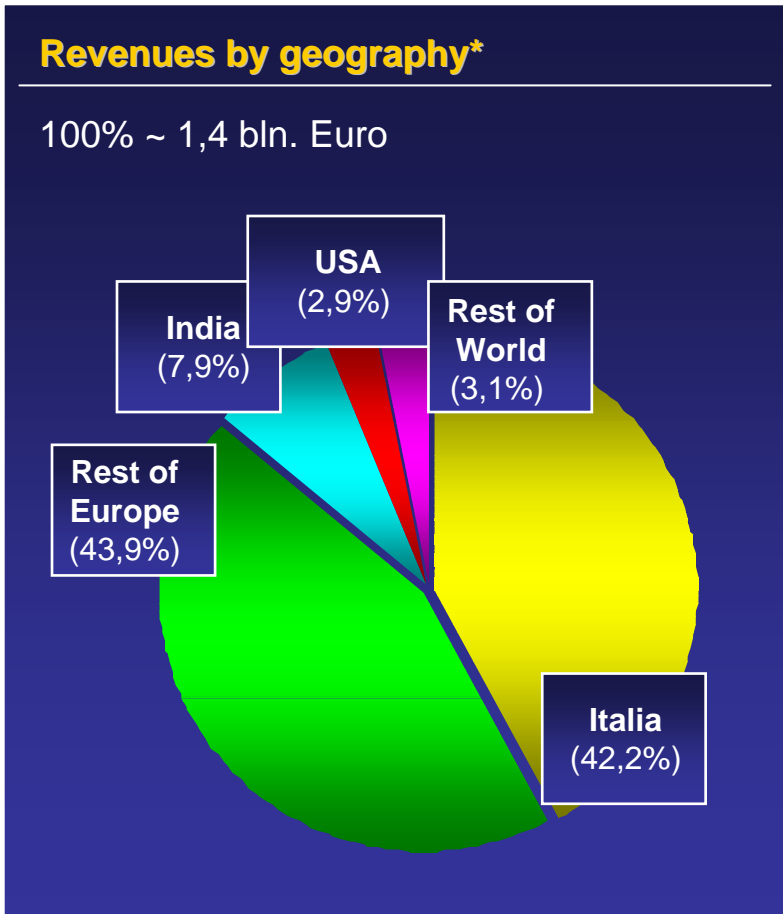
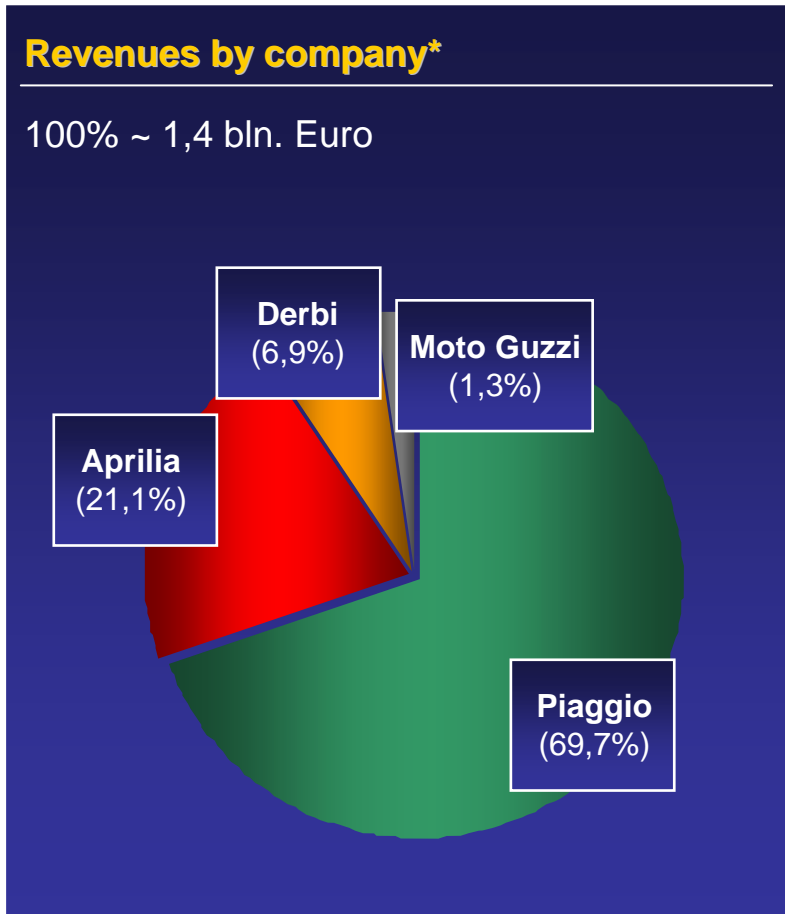
GILERA  
TWO WHEELS AHEAD

aprilia

scarabeo



...who plays with different corporates in different geographic areas



\*2004, pro-forma for the Aprilia acquisition.

# Piaggio Group Turnaround

## IMMSI's First 24 Months – Main Achievements

### New Management Team

- Core competence consolidation
- Market, QoS, Sales Control department reinforcement
- Positive track record
- High level of managerial skill

### Product Pipeline Market Leadership

- Selective R&D approach
- Just in time product launch

### New Pricing Policies

- Changed previous Piaggio discounting policy versus competitors

### Supply Chain Efficiencies

- Global Sourcing activities improvement
- Renegotiation

### Quality and Customer Service

- End to end process reengineering
- Customers/Dealers survey

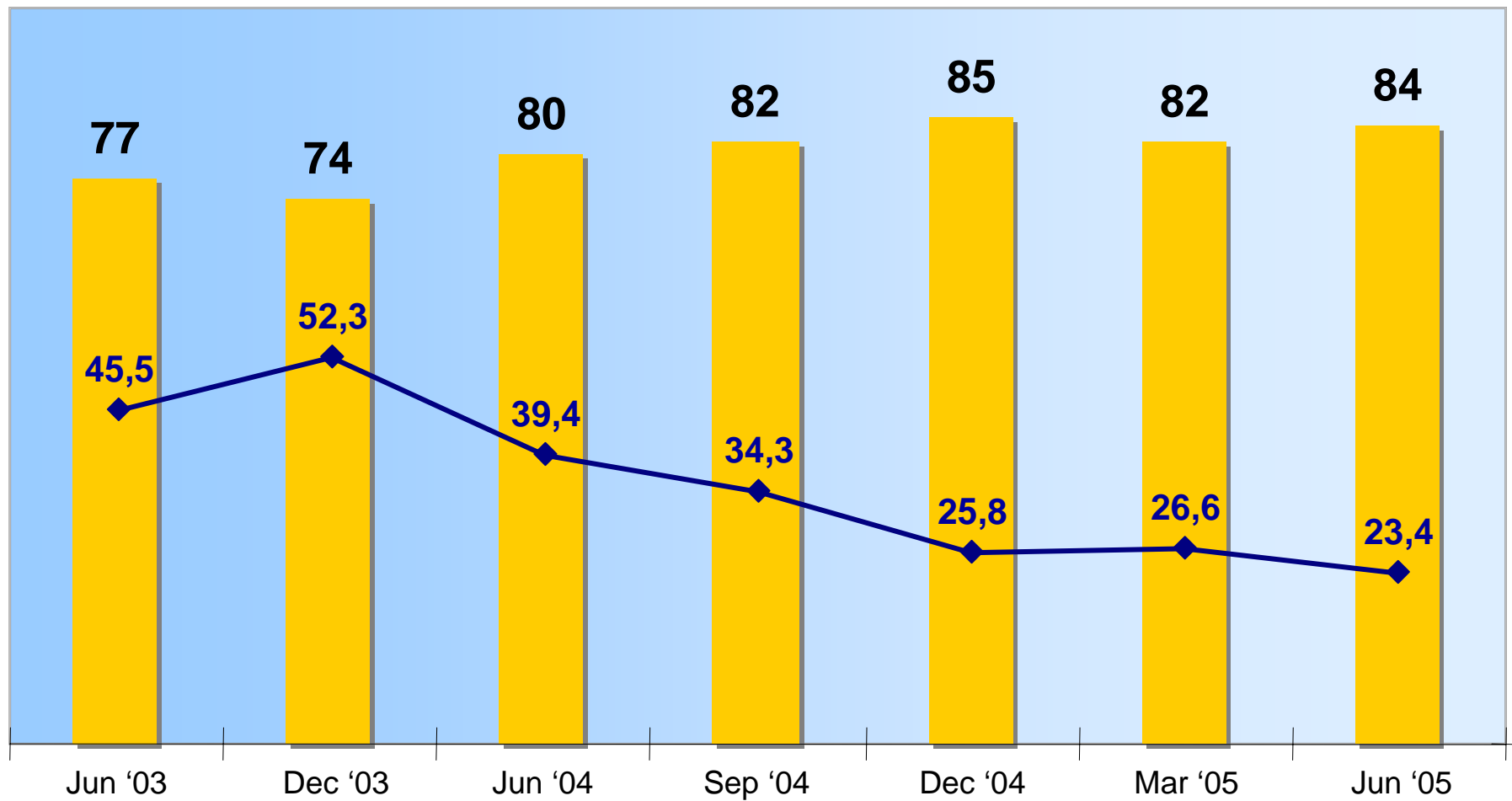
### Capex Discipline

- Reduction of capex as a percentage of sales

# Piaggio Group Customer Satisfaction Survey

## Overall satisfaction

◆ % Inconveniencies



# Strategic drivers to growth

## Consolidation and Enhancement in 2w European market

(Piaggio consolidation, recovery of Aprilia and Guzzi, portfolio diversification: consolidation in scooter and enhancement in motorcycles, excellent brand management)

## Expansion into new markets

(USA, SE Asia, China, India, Latin America)

## Innovation

(new products concepts, new engines)

## Operating efficiency improvement

(Aprilia and Guzzi turnaround, integration synergies, ...)

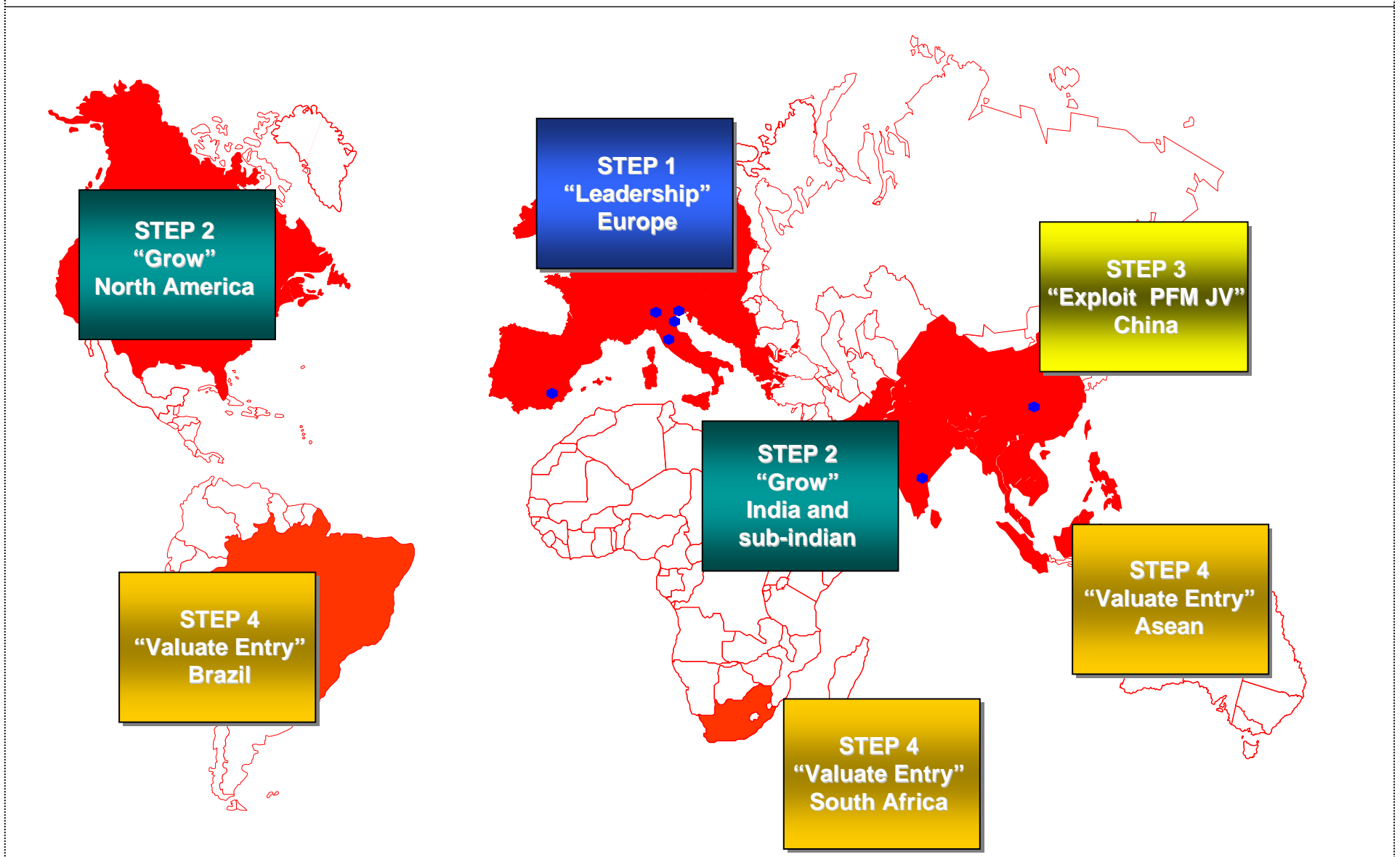
## Rigorous financial management

(Capex and R&D spending, global sourcing, working capital management, no further acquisition)





# International expansion



# Our racing activities will be part of the overall strategy

## Racing strategy



**aprilia**

- Keep present activities, taking part to **125GP** and **250GP** World Championships
- Relaunching of racing activities in 4T segment (**SBK**) through a new vehicle-engine technical solution also
- Development of **Off Road** racing activities in Supermotard, Motocross and Enduro (S1 – S2 – MX1 – E2)



**DERBI**

- **GP 125 cc** World Championship






- **GP 125 cc** World Championship

## 2005 activities

- 18 riders 125 GP World Championship
- 15 riders 250 GP World Championship
- 4 riders Supermoto World Championship
- 1 rider Motocross World Championship
- 1 rider Enduro World Championship

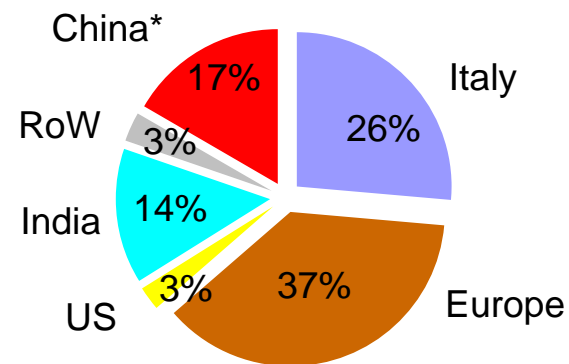
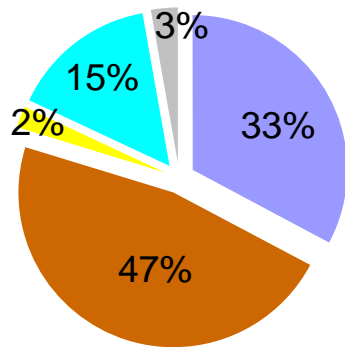
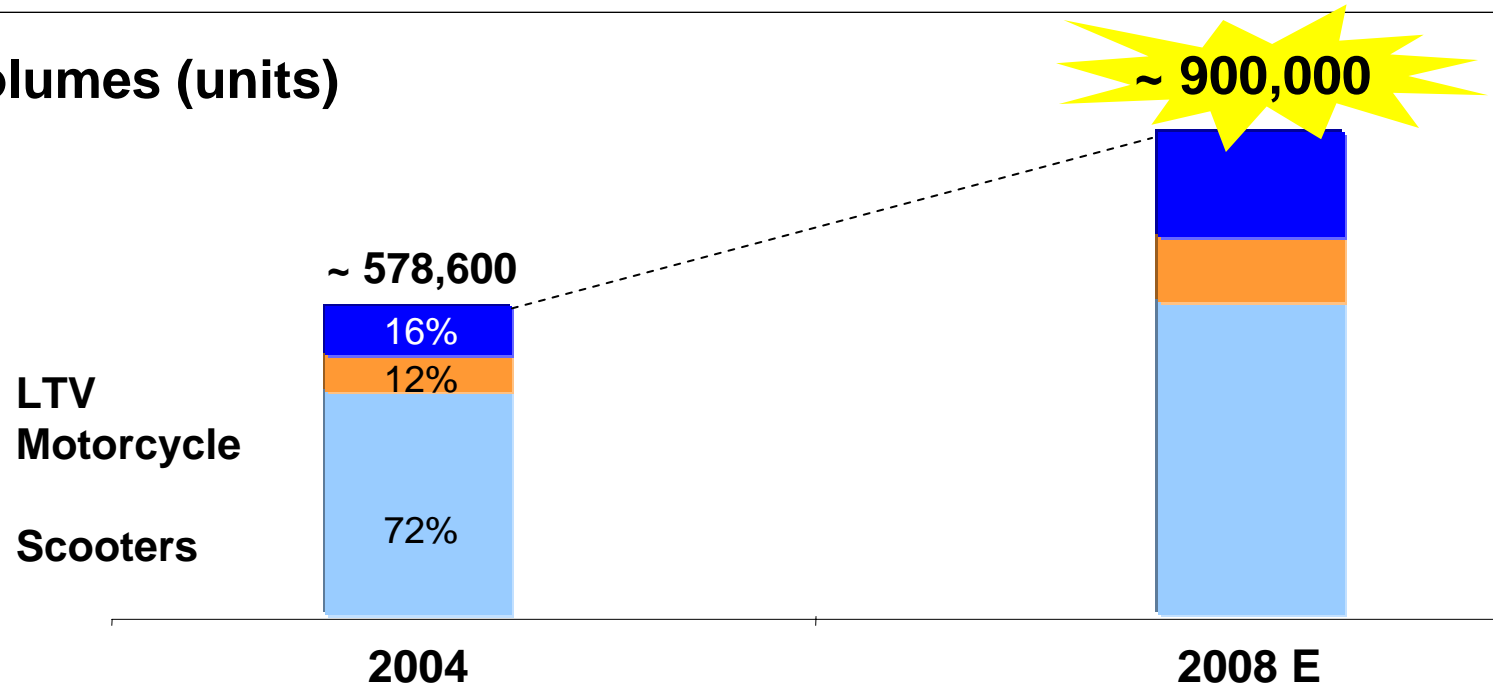
# Outlook Overview



-  **Realistic Top Line increase**
-  **Operating Performance Improvement**
-  **Strong Cash Flow Generation**

# Piaggio Group Medium-Term Targets

## Volumes (units)



\*Volumes not consolidated