



PIAGGIO & C.s.p.a.

INTESA  SANPAOLO

## PRESS RELEASE

### **PIAGGIO GROUP AND INTESA SANPAOLO SUBSCRIBE AGREEMENT FOR DEVELOPING THE PIAGGIO GROUP IN INDIA**

#### **Investment plan providing approximately €65 million for the creation of a plant in Pune, in the state of Maharashtra**

Mumbai (India), 14 February 2007 – The Piaggio Group and Intesa Sanpaolo have subscribed a Letter of Intent for the organisation of the most suitable types of financing to develop a new industrial project for Piaggio in India, for the purpose of building a plant which will produce a range of diesel engines.

The Letter of Intent was signed today in Mumbai by Roberto Colaninno, Chairman and CEO of the Piaggio Group, and, on behalf of Intesa Sanpaolo, by Corrado Passera, Managing Director and CEO, and Gaetano Miccichè, Director of the Corporate & Investment Banking Division.

In addition to strengthening relations with its current suppliers, Piaggio's new industrial initiative in India will enable it to equip the Group's Light Transport Vehicles (LTVs) with motors that are not only technologically advanced, but competitive in terms of price, and capable of guaranteeing the future development of the business, specifically for diesel engines.

A total investment on the order to €60 – 65 million is planned, to be realised over the next three years.

The Project includes:

- the design, development, and prototyping of new 1,000-1,200cc two cylinder direct injection diesel engines, in various configurations, as well as 500cc single cylinder direct injection engines;
- the construction of a new plant capable of an output of up to 200,000 engines per year, to be built in India in the Pune area (State of Maharashtra), thus ensuring logistical proximity to Baramati, where the production plant of the company's subsidiary Piaggio Vehicles Private Limited is located. The new production plant in India is set to become operational within 3-4 years (end 2009 - early 2010).

The Piaggio Group is currently present in India through the company Piaggio Vehicles Private Ltd. (PVPL), 100%-owned, which produces 3 and 4-wheel vehicles for the light transport of people and goods. With approximately 139,000 vehicles sold in 2006, PVPL has become the number two player in the 3-wheel vehicle sector in India (with a market share of about 34%), and the leader in the "Cargo" segment for the transport of goods up to 0.75 tonnes.

Roberto Colaninno, Chairman and CEO of Piaggio, stated, “In Intesa Sanpaolo, our Group has found a financial partner that has expressed great confidence in our management and strategies, providing crucial financial support for the re-launch of Piaggio and, subsequently, Aprilia and Moto Guzzi. Intesa Sanpaolo is still by our side in this new phase of development, which is aimed at realising Piaggio’s international strategies. With our own technology, design and capacity for innovation, the Piaggio Group is progressively gaining on international markets, and now, with the development of the new diesel engine production plant in India, we are launching our largest industrial initiative outside Europe.”

Corrado Passera, Managing Director and CEO of Intesa Sanpaolo, stated, “The Piaggio Group is one of the most important industrial groups in Italy, and one of the leading international operators in its sector. One of Intesa Sanpaolo’s goals is to support the development of Italian businesses in their investment plans for internationalisation and innovation. Hence, we are proud to be able to contribute to the further development of the large group such as Piaggio, above all in India, which is one of the economic areas of the world with the highest potential for growth. Here, we intend to strengthen our operations in order to support the activities of Italian businesses.”

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