

# EuroWeek

## Piaggio Finance SA

High yield debt - Issue: 900 - April 22 2005

Rating: B2/B

Amount: Eu150m

Maturity: 30 April 2012

Issue price: 100.00

Coupon: 10%

Call options: at 105% from 30 April 2009; at 102.5% from 30 April 2010; at par thereafter

Spread at launch: 688bp over the 5% January 2012 Bund

Launch date: Thursday 21 April

Payment date: 27 April

Joint books: Lehman Brothers, Deutsche Bank, Caboto

### Bookrunner's comment:

Lehman — The credit markets have backed up in recent weeks and this has had an effect upon the new issue environment.

However, it remains attractive when compared to the last couple of years. It has certainly been choppy with all of the auto-related news but Piaggio was a success as we were able to get investors to focus on the brand, the management team and what the company does. This was why we were able to tighten pricing up from 10.25% to 10%.

Investors recognised that this was a nice asset to own. The bonds were priced at par and traded up to 101.125 on the break.

There was a healthy representation from investors in the UK and the continent with a strong participation from Italy.

Despite the choppy market, the deal got done because the management team did a fantastic job on the road and people focused on the team behind Piaggio, the brand and its business.

### Market appraisal:

"...I participated in the Piaggio transaction. The management made a convincing presentation and has a strong focus on deleveraging the company over the next couple of years.

The chairman Roberto Colaninno, the former Telecom Italia chief, is a strongly focused man, the company has a good core business while the Aprilla acquisition offers good synergies. There is also a lot of growth potential in markets such as India and China.

"...the company had to come to the market as its bank debt matures in early May and the company had to offer a higher coupon than would have been the case a few weeks ago."

Price talk on the deal was the 10.25% area compared to the 9% area in the offering memorandum. Issuers have to pay a huge premium because of the volatility in the market over the last few days."

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### Piaggio SpA Company Profile

The world listened when Piaggio SpA said, "Scoot!" As Europe's #1 maker of scooters, the company has kept its signature Vespa model, one of the world's most popular scooters, on the road for more than half a century. The Vespa became a star after whizzing Gregory Peck and Audrey Hepburn through Rome in the 1953 film "Roman Holiday". Piaggio also makes racing scooters, mopeds, light vans and trucks, personal two- and four-wheel recreational vehicles, and related accessories. Family-run almost continuously since its 1884 founding, Piaggio has been acquired by a unit of Germany's Deutsche Bank (80%), US-based investment group Texas Pacific Group (10%), and Fiat's controlling Agnelli family (10%).

### Contact Information

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### Key People

- CEO and Managing Director: Stefano Rosselli Del Turco
- Director, Research and Development and Operations: Lucio Masut

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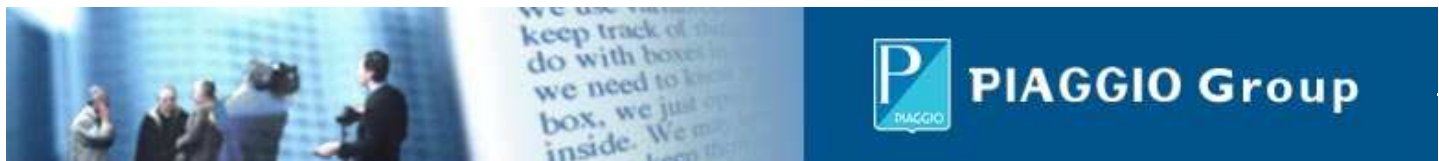


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04/03/2005

### Piaggio approves 2004 draft financial statements

At a meeting today in Mantua chaired by Roberto Colaninno, the Board of Directors of Piaggio & C. S.p.A. examined and approved the draft financial statements for 2004.

The financial statements will be presented for the approval of shareholders at a meeting convened for 29 April and 6 May on first and second call respectively.

In 2004 the Piaggio Group made a recovery on all world markets and reported a net profit for the first time in four years. On 30 December 2004, it closed the purchase of 100% of the Aprilia Group, which therefore became part of the Piaggio Group as from that date. Piaggio's 2004 consolidated financial statements recognise Aprilia assets and liabilities, but do not include its income statement.

During the year Piaggio increased its market shares in its core businesses, despite a scenario characterised, in Italy and Europe at least, where the Group has traditionally been a major player, by a downturn in demand. Piaggio's strong results were largely due to the success of its products on all brands in the over 50 cc scooter and 50 cc motorcycle segment, as well as to new or enhanced models including Piaggio Liberty, Beverly, Fly, X8, X9, Gilera Nexus and Vespa Granturismo. The Derbi brand performed well on the Spanish market, as did Vespa and Piaggio products on the US market. In the three- and four-wheeler light transport vehicles business, Piaggio reported a good overall sales performance, stemming from the introduction of new models like the Quargo and also from its success on the Indian market.

**Consolidated net sales** totalled € 1,084.2 million, making significant progress (+9.8%) on 2003, thanks mainly to strong performance in the two-wheeler business (+11%), partly as a result of the new top-of-the-range products, and in light transport vehicles (+10.8%, with a peak of more than 45% on the Indian market).

The **industrial gross margin** at € 322.9 million increased by 26.4% and also improved in relation to net sales (from 25.9% in 2003 to 29.8%).

**Ebitda** amounted to € 130.3 million, a strong improvement (+39.2%) on the 2003 result. The return on net sales rose from 9.5% to 12%, thanks to improved efficiency as well as to higher net sales.

**Operating income** after depreciation and amortisation totalling € 62.3 million, but excluding amortisation of goodwill, amounted to € 68 million, an increase of 181%. Profitability (operating income to net sales) made further strong progress, from 2.5% to 6.3%.

**Net financial charges** were € 20 million, a significant decrease from € 46.7 million in 2003. The reduction was achieved as a result of the financial restructuring put into effect after Piaggio's acquisition by IMMSI and the decrease in non-recurring charges, including amortisation of goodwill and capitalised fees.

After tax totalling € 16.8 million, 2004 closed with a **consolidated net profit** of € 4.1 million (€ 0.3 million attributable to minority interest). This compared with a net loss of € 139.5 million in 2003.

**Net debt** before the consolidation of Aprilia amounted to € 336 million, an increase of € 54.1 million compared with net debt at 31 December 2003 due to the acquisition of Aprilia. Net of the acquisition, operations generated cash for approximately € 25 million.

\*\*\*\*\*

At a meeting held earlier, the Board of Directors of **Aprilia** S.p.A. examined and approved the 2004 draft financial statements, whose income statement has not been consolidated in the Piaggio Group 2004 financial statements. In 2004, the Aprilia Group reported **net sales** totalling € 320.1 million, a decrease of approximately 40% from 2003 (€ 533.1 million). It had negative **Ebitda** of € 17 million (positive at € 24.2 million in 2003); **Ebit** was negative at € 51.5 million (negative at € 5.7 million in 2003). After **value adjustments** totalling more than € 90 million, the financial year closed with a **net loss** of € 151.7 million, compared with a net loss of € 43.1 million in 2003.

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## PROFILE

### The profile of a big company, involved in mobility for the last 120 years.



Based in Pontedera (Pisa, Italy), the Piaggio Group is one of the world's leading manufacturers of motorised two wheelers and leader of the European market in this sector.

Since October 2003 the Piaggio Group is controlled by Immsi S.p.A., an industrial and property holding quoted on the Milan Stock Exchange and headed by entrepreneur Roberto Colaninno, Chairman of the Piaggio Group. Rocco Sabelli is Group CEO.

Piaggio's production includes scooters, motorcycles and mopeds in displacements from 50 to 500cc under the Piaggio, Vespa, Gilera and Derbi brands. The Group also manufactures the Ape and Porter ranges of three and four-wheel light goods transport vehicles. Another significant production and sales sector is that of engines, where Piaggio is in the forefront of innovation and research. The company possesses internationally recognised advanced technical and technological know-how.

The Piaggio Group has factories in Italy, Spain, India and the People's Republic of China and a sales network in 55 countries on every continent.

In 2003 Piaggio sold 430,000 vehicles overall and had a consolidated turnover of 987.2 million Euro (+4.4% compared to the 2003 turnover of 945.8 million Euro).

Innovation, creativity, design and concern for the environment are the values that have always driven Piaggio's research, design and manufacturing activity.

Founded in 1884 by Rinaldo Piaggio and managed by the Piaggio family until 1999, the company has operated in practically every sector of mobility in its 120 year history - from ship fitting to rail engine and wagon construction, from building aircraft engines and seaplanes to producing civil and military aircraft.

The company's recent history is linked to light transport. With the launch of the Vespa in 1946, Piaggio anticipated an emerging need for personal transport that still characterises our society and created one of the world's best known symbols of Italian style, a product that was and still is enormously successful, with over 16 million units sold to date.

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