
MV AGUSTA RETURNS TO BETTER FORTUNES

Proton Malaysia to underwrite a capital increase of Euro 70 million

The Varese District Court has ruled that temporary receivership proceedings are to be terminated for MV Agusta considering that the company has shown it is able to meet its commitments. The court made its ruling after MV Agusta submitted an application for ascertainment that the company had actually returned to better fortunes at the end of receivership proceedings initiated on 14 November 2002. The project undertaken by entrepreneur Claudio Castiglioni envisaged increasing company capital by Euro 70,000,000 before 31/12/2004, consequently meeting all outstanding debts pursuant to transactions previously stipulated with banks and suppliers, and therefore a full return to capital and asset liquidity and the company's former market placing. The temporary receivers observed that the company had reached EBITDA stability, and in recent months had generated a positive cash flow.

The capital increase, deliberated on 29 October 2004, is to be completely underwritten by the Malaysian Proton Group, which has provided guarantees to CitiBank for the entire amount.

When the capital increase has been completed, Proton will become MV Agusta's majority shareholder. Castiglioni will remain as company CEO, with special responsibilities in the areas of marketing and R&D, whereas the managing director will be appointed by Proton.

In view of the credibility of the industrial plan, the amount of increased capital, and Castiglioni's repeated commitment, the Court stated it is confident that "the company will be able to meet its future commitments adequately," and ordered that temporary receivership cease forthwith.

On account of MV Agusta's return to better fortunes following the complex industrial and financial restructuring it has undergone, the company may now stride confidently towards those very developments which have already brought about such a significant turnaround in sales of its three brands (MV Agusta, Husqvarna, and Cagiva) on the major world markets.

"The return to better fortunes of MV Agusta is due to a series of factors that have concretely come together to bring about this extraordinary result," said Claudio Castiglioni, company CEO. "It would not have been possible without the sensitivity the Varese District Court and the temporary receivers demonstrated in evaluating our efforts. I therefore wish to express particular thanks to the banking system in general, and to Banca Intesa in particular (especially their Managing Director Corrado Passera), for all their help and advice. It is thanks to them that the company is still a going concern. Nor let us not forget Proton, who have believed in the value and potentials of our brands, and with whom we will construct a leading force to be reckoned with on an international level. One final word of thanks must go to our dedicated staff at MV Agusta - to all of the engineers, office workers and management, who with their dedication and professional competence lived through this most difficult period of MV's history, which today is now behind us." Proton is assisted by financial consultant Société Générale and by law firm White & Case. The Castiglioni family financial advisers are Lazard, and their legal counsel is NCTM.

Proton, listed on the Kuala Lumpur stock exchange, is one of Asia's leading car manufacturers. Owner of Lotus, the Group is pursuing an international market expansion strategy involving industrial partnerships with prestigious companies in the motorcycle industry. Their turnover last year was Euro 1.5 billion, with Euro 114.5 million in profits and a worldwide workforce of more than 9,000.

