

(Translation from the Italian original which remains the definitive version)

**PININFARINA GROUP QUARTERLY REPORT
REDUNDANCY PROGRAMME
GOING CONCERN
OUTLOOK FOR 2015**

Cambiano, 12 November 2015 – The Board of Directors of Pininfarina S.p.A., chaired by Paolo Pininfarina, met today and approved the Group's interim financial report at 30 September 2015.

The key financial figures of the Pininfarina Group as at and the first nine months of 2015 and 2014 are as follows:

(€'million)	30 September 2015	30 September 2014	31/12/2014	Variation *
Value of production	60.7	64.6		-3.9
EBITDA	-0.3	5.5		-5.8
EBIT	-3.6	3.0		-6.6
Loss for the period	-7.8	-0.7		-7.1
Net financial debt	-42.5	-47.7	-44.8	2.3
Equity	20.3	28.8	27.9	-7.6

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2014.

EBITDA is the operating profit or loss gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions. EBIT is the operating profit or loss.

Pursuant to article 154-bis.2 of the Consolidated finance act, the manager in charge of financial reporting, Gianfranco Albertini, states that the financial disclosures provided in this press release are consistent with the relevant documentation, ledgers and accounting records.

The most significant issues that arise from a comparison of the consolidated figures for the first nine months of 2015 and 2014 are summarised below:

- the value of production has decreased by 6% due to the smaller contribution of the design and engineering services segment;
- EBITDA and EBIT are both negative, unlike the corresponding period of the previous year, mainly due to the 2014 sale of particularly significant intellectual property rights and the restructuring provision of €0.9 million recognised at 30 September 2015;
- compared to the first nine months of 2014, the Group's Italian automotive operations recognised a loss, the German subsidiaries' profit margins have improved, while the contribution of the Chinese operations and industrial design activities has decreased;
- the net financial expense has worsened due to the significant contraction in financial income during the reporting period, following the partial liquidation of assets under management at the end of 2014;
- equity has decreased compared to 31 December 2014, due to the loss for the first nine months of 2015, whereas the net financial debt has improved following the repayment by the tax authorities of advances previously paid by the parent for the registration tax litigation, the repayments of the loans granted to the ultimate parent, Pincar S.r.l., and the recovery of VAT assets.

Performance by business segment in the first nine months of 2015

Operations segment

In addition to the sale of spare parts for cars manufactured in previous years and business lease income, this segment includes the costs of the support and property management functions of the parent, Pininfarina S.p.A.. Value of production amounted to €4.9 million, in line with the first nine months of 2014 (€5 million).

Segment EBIT worsened by €2.2 million, or 33.8%, to a negative €8.7 million from a negative €6.5 million in the corresponding period of the previous year. The main reasons behind this higher loss are the inexistence of the positive effect of the gains on the sale of assets recognised in 2014 (€0.7 million) and the incurrence of higher costs for the ongoing restructuring and litigation.

Services segment

This segment, comprising the design and engineering businesses, recognised value of production of €55.8 million, down 6.5% compared to the first nine months of 2014 (€59.7 million).

Segment EBIT amounted to a positive €5 million compared to €9.5 million for the nine months ended 30 September 2014. The decrease in profitability is mostly due to the 2014 sales of intellectual property rights, which were not repeated in the reporting period and were very profitable.

The key financial figures of the parent, Pininfarina S.p.A., are summarised below:

(€'million)	30 September 2015	30 September 2014	31/12/2014	Variation *
Value of production	33.3	39.8		-6.5
EBITDA	-2.9	3.1		-6.0
EBIT	-5.6	1.2		-6.8
Loss for the period	-8.4	-1.1		-7.3
Net financial debt	-47.4	-49.8	-50.1	2.7
Equity	20.6	31.0	28.9	-8.3

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2014.

EBITDA is the operating profit or loss gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions. EBIT is the operating profit or loss.

Information required by Consob (the Italian Commission for listed companies and the stock exchange) pursuant to article 114.5 of Legislative decree no. 58/98

- 1) The tables showing the net financial debt of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, are attached hereto.
- 2) The Group has no past-due liabilities (of a commercial, financial, tax or social security nature). No actions against the Group have been filed by creditors.
- 3) The tables showing the Group's and parent's related party transactions are attached hereto.
- 4) Compliance with the financial covenants in force for the current reporting year will be checked when the annual consolidated financial statements at 31 December 2015 are approved. According to the outlook for 2015, the Group will not reach the 2015 EBITDA level required by the existing Rescheduling Agreement, while the covenant on the net financial position at 31 December 2015 will be met.
- 5) The parent's debt restructuring plan is proceeding in accordance with the current agreements.
- 6) Reference should be made to that disclosed in the "Going concern and outlook for 2015" section as regards the business plan's implementation.

Events after the reporting period

On 1 October 2015, Pininfarina S.p.A. launched a redundancy programme involving 14 employees. According to the law in force up to 31 December 2015, some of them may retire, while the others have professional skills that, due to the change in the organisational structure, may no longer be reallocated within the Group or are redundant in relation to the current and future size of its business.

The parent is doing its best to assist these people bearing the related outplacement costs and considering, as far as possible, reductions in working hours in order to minimise the impact of the programme.

There are no other significant events that occurred after the reporting date.

Going concern and outlook for 2015

Going concern

Like in the first half of 2015, the figures for the period confirm that noted by the directors in the 2014 annual report, namely, that despite being consistent with the budget, the Group's growth, financial indicators and cash flows from operations are not in line with the 2011-2018 business plan's forecasts.

Negotiations between the ultimate parent, Pincar S.r.l., the lending institutions and the Indian Mahindra Group (for the acquisition of the Pininfarina S.p.A. shares held by Pincar S.r.l. and the concurrent restructuring of Pininfarina's debt) are still in place and a positive outcome is expected to be reached in the next few weeks.

Therefore, in September 2015, the parent presented a draft business and financial plan drawn up jointly with Mahindra to the lending institutions. The new plan would ensure the financial stability and recapitalisation of the parent and the Group for the foreseeable future.

Moreover, the Board of Directors acknowledged the proposed guidelines outlined in a new standalone business and financial plan prepared by management, which are more consistent with the Group's current ability to produce the cash flows necessary to repay its outstanding debt and ensure the necessary capitalisation. This document may underpin possible future negotiations with the lending institutions, should the agreement with Mahindra not be reached.

Considering all that discussed above and evaluating medium-term uncertainties, the Board of Directors presently continues to reasonably expect that the Group and the parent are nonetheless able to continue as going concerns in the foreseeable future and prepared the condensed interim consolidated financial statements at 30 September 2015 on a going concern basis.

Outlook

Consolidated value of production for 2015 is expected to decrease by 5% compared to 2014 (the previous forecast was that it would have been in line with the 2014 figure) and the EBIT is forecast to be negative.

Net financial debt at the end of 2015 is expected to worsen compared to 31 December 2014, due principally to net working capital trends and the accumulated unrealised losses resulting from the measurement of financial liabilities at amortised cost.

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RECLASSIFIED INTERIM FINANCIAL STATEMENTS

The reclassified interim financial statements group the figures presented in the legally-required statements to improve their understanding, without however changing their presentation logic.

The terms “EBITDA” and “EBIT” as used in the reclassified interim financial statements are the “operating profit or loss, gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions”, and “operating profit or loss” presented in the IFRS financial statements, respectively.

PININFARINA GROUP

Reclassified income statement

(€'000)

	Nine months ended					2014
	30.09.2015	%	30.09.2014	%	Variation	
Revenue from sales and services	55,489	91,40	58,882	91,08	(3,393)	84,179
Change in inventories and contract work in progress	1,325	2,18	2,364	3,66	(1,039)	(2,313)
Other revenue and income	3,893	6,42	3,404	5,27	489	4,705
Value of production	60,707	100,00	64,650	100,00	(3,943)	86,571
Net gains on the sale of non-current assets	50	0,08	705	1,09	(655)	705
Materials and services (*)	(25,945)	(42,74)	(24,165)	(37,38)	(1,780)	(31,720)
Change in raw materials	68	0,11	(563)	(0,87)	631	(622)
Value added	34,880	57,45	40,627	62,84	(5,747)	54,934
Labour cost (**)	(35,163)	(57,92)	(35,170)	(54,40)	7	(47,901)
EBITDA	(283)	(0,47)	5,457	8,44	(5,740)	7,033
Amortisation and depreciation	(2,539)	(4,18)	(2,508)	(3,88)	(32)	(3,348)
(Additions to)/utilisation of provisions and impairment losses	(827)	(1,36)	15	0,02	(842)	261
EBIT	(3,649)	(6,01)	2,964	4,58	(6,613)	3,946
Net financial expense	(3,968)	(6,54)	(3,410)	(5,27)	(559)	(4,748)
Share of profit of equity-accounted investees	14	0,02	8	0,01	6	8
Loss before taxes	(7,603)	(12,53)	(438)	(0,68)	(7,165)	(794)
Income taxes	(190)	(0,31)	(250)	(0,39)	60	(469)
Loss from continuing operations	(7,793)	(12,84)	(688)	(1,06)	(7,105)	(1,263)
Profit (loss) from discontinued operations	-	-	-	-	-	-
Loss for the period/year	(7,793)	(12,84)	(688)	(1,06)	(7,105)	(1,263)

(*) Materials and services are net of utilisations of the provisions for product warranty and risks (€57 thousand and €141 thousand for the first nine months of 2014 and 2015, respectively).

(**) Labour cost is net of utilisations of the restructuring and other provisions (€1,719 thousand and €304 thousand for the nine months ended 30 September 2014 and 2015, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the condensed interim consolidated financial statements with those in the reclassified schedules is provided below:

- **Materials and services** include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- **Amortisation and depreciation** comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- **(Additions to)/utilisation of provisions and impairment losses** include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- **Net financial expense** comprises net financial expense and dividends.

PININFARINA GROUP
Reclassified statement of financial position
 (€'000)

	30.09.2015	31.12.2014	Variation	30.09.2014
Net non-current assets (A)				
Net intangible assets	2,525	2,676	(151)	2,601
Net property, plant and equipment and investment property	60,317	60,845	(528)	61,416
Equity investments	325	311	14	311
Total A	63,167	63,832	(665)	64,328
Working capital (B)				
Inventories	5,037	3,649	1,388	8,388
Net trade receivables and other assets	19,107	31,286	(12,179)	29,165
Assets held for sale	-	-	-	-
Deferred tax assets	1,077	1,036	41	1,026
Trade payables	(12,575)	(12,246)	(329)	(12,554)
Provisions for risks and charges	(1,207)	(847)	(360)	(893)
Other liabilities (*)	(6,971)	(8,674)	1,703	(7,763)
Total B	4,468	14,203	(9,735)	17,369
Net invested capital (C=A+B)	67,635	78,035	(10,400)	81,697
Post-employment benefits (D)	4,873	5,347	(474)	5,229
Net capital requirements (E=C-D)	62,762	72,688	(9,926)	76,468
Equity (F)	20,300	27,888	(7,588)	28,758
Net financial debt (G)				
Non-current loans and borrowings	74,302	69,116	5,186	81,755
Net current financial position	(31,840)	(24,316)	(7,524)	(34,045)
Total G	42,462	44,800	(2,338)	47,710
Total as in E (H=F+G)	62,762	72,688	(9,926)	76,468

(*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities

PININFARINA GROUP
Net financial debt
 (€'000)

	30.09.2015	31.12.2014	Variation	30.09.2014
Cash and cash equivalents	29,445	24,424	5,021	17,728
Current assets held for trading	16,343	16,359	(16)	30,799
Current loans and receivables	-	-	-	-
Loan assets - related parties	-	-	-	-
Current bank overdrafts	-	-	-	-
Current finance lease liabilities	(5,827)	(5,827)	-	(5,827)
Current portion of bank loans and borrowings	(8,121)	(10,640)	2,519	(8,655)
Net current financial position	31,840	24,316	7,524	34,045
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	266	1,770	(1,504)	1,747
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	(45,819)	(43,547)	(2,272)	(48,552)
Non-current bank loans and borrowings	(28,749)	(27,339)	(1,410)	(34,950)
Non-current loans and borrowings	(74,302)	(69,116)	(5,186)	(81,755)
NET FINANCIAL DEBT	(42,462)	(44,800)	2,338	(47,710)

Cash and cash equivalents include a restricted account of €5,000,000.

PININFARINA S.p.A.
Reclassified income statement
 (€'000)

	Nine months ended					
	30.09.2015	%	30.09.2014	%	Variation	2014
Revenue from sales and services	30,051	90,30	35,685	89,61	(5,634)	51,228
Change in inventories and contract work in progress	(13)	(0,04)	1,295	3,25	(1,308)	(2,316)
Other revenue and income	3,241	9,74	2,842	7,14	399	3,933
Value of production	33,279	100,00	39,822	100,00	(6,543)	52,845
Net gains on the sale of non-current assets	50	0,15	705	1,77	(655)	705
Materials and services (*)	(19,501)	(58,60)	(19,769)	(49,64)	268	(26,342)
Change in raw materials	68	0,20	(563)	(1,41)	631	(622)
Value added	13,896	41,75	20,195	50,71	(6,299)	26,586
Labour cost (**)	(16,815)	(50,53)	(17,108)	(42,96)	293	(23,797)
EBITDA	(2,919)	(8,78)	3,087	7,75	(6,006)	2,789
Amortisation and depreciation	(1,880)	(5,65)	(1,898)	(4,77)	18	(2,518)
(Additions to)/utilisation of provisions and impairment losses	(806)	(2,42)	30	0,08	(836)	311
EBIT	(5,605)	(16,85)	1,219	3,06	(6,824)	582
Net financial expense	(2,954)	(8,87)	(2,429)	(6,10)	(525)	(3,771)
Loss before taxes	(8,559)	(25,72)	(1,210)	(3,04)	(7,349)	(3,189)
Income taxes	134	0,40	124	0,31	10	217
Loss for the period/year	(8,425)	(25,32)	(1,086)	(2,73)	(7,339)	(2,972)

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€57 thousand and €141 thousand for the first nine months of 2014 and 2015, respectively).

(**) **Labour cost** is net of utilisations of the restructuring and other provisions (€1,719 thousand and €304 thousand for the first nine months of 2014 and 2015, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the interim separate financial statements with those in the reclassified schedules is provided below:

- **Materials and services** include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- **Amortisation and depreciation** comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- **(Additions to)/utilisation of provisions and impairment losses** include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- **Net financial expense** comprises net financial expense and dividends.

PININFARINA S.p.A.
Reclassified statement of financial position
(€'000)

	30.09.2015	31.12.2014	Variation	30.09.2014
Net non-current assets (A)				
Net intangible assets	972	1,102	(130)	1,013
Net property, plant and equipment and investment property	51,185	51,647	(462)	52,124
Equity investments	21,578	21,578	-	21,578
Total A	73,735	74,327	(592)	74,715
Working capital (B)				
Inventories	3,388	3,333	55	7,002
Net trade receivables and other assets	10,380	24,512	(14,132)	20,706
Trade payables	(10,204)	(11,384)	1,180	(11,105)
Provisions for risks and charges	(1,207)	(847)	(360)	(893)
Other liabilities	(3,871)	(6,250)	2,379	(4,893)
Total B	(1,514)	9,364	(10,878)	10,817
Net invested capital (C=A+B)	72,221	83,691	(11,470)	85,532
Post-employment benefits (D)	4,298	4,711	(413)	4,657
Net capital requirements (E=C-D)	67,923	78,980	(11,057)	80,875
Equity (F)	20,573	28,869	(8,296)	31,040
Net financial debt (G)				
Non-current loans and borrowings	72,238	66,321	5,917	78,937
Net current financial position	(24,888)	(16,210)	(8,678)	(29,102)
Total G	47,350	50,111	(2,761)	49,835
Total as in E (H=F+G)	67,923	78,980	(11,057)	80,875

PININFARINA S.p.A.
Net financial debt
(€'000)

	30.09.2015	31.12.2014	Variation	30.09.2014
Cash and cash equivalents	22,665	16,616	6,049	13,049
Current assets held for trading	16,343	16,359	(16)	30,799
Current loans and receivables	-	-	-	-
Loan assets - related parties	-	-	-	-
Current bank overdrafts	-	-	-	-
Current finance lease liabilities	(5,827)	(5,827)	-	(5,827)
Loans and borrowings - related parties	(172)	(298)	126	(264)
Current portion of bank loans and borrowings	(8,121)	(10,640)	2,519	(8,655)
Net current financial position	24,888	16,210	8,678	29,102
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	2,031	4,265	(2,234)	4,265
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	(45,820)	(43,547)	(2,273)	(48,552)
Non-current bank loans and borrowings	(28,449)	(27,039)	(1,410)	(34,650)
Non-current loans and borrowings	(72,238)	(66,321)	(5,917)	(78,937)
NET FINANCIAL DEBT	(47,350)	(50,111)	2,761	(49,835)

Cash and cash equivalents include a restricted account of €5,000,000.

Related party transactions for the nine months ended 30 September 2015 - Pininfarina Group

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, consistent with the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
Pincar S.r.l. in liquidation	-	-	132,565	-	-	-	59,795	-
Goodmind S.r.l.	16,045	13,901	132,990	-	26,849	32,224	2,990	-
Total	16,045	13,901	265,555	-	26,849	32,224	62,785	-

In addition to the above figures:

- Studio Professionale Pavesio e Associati, related to the director Carlo Pavesio, provided legal assistance to the parent for total fees of €317,882;
- Pantheon Italia S.r.l., related to the director Roberto Testore, provided commercial assistance for total fees of €30,070;
- Giovanni Pininfarina, son of the chairman of the Board of Directors, Paolo Pininfarina, provided commercial assistance for total fees of €2,100.

Related party transactions for the nine months ended 30 September 2015 - Pininfarina S.p.A.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
Pincar S.r.l. in liquidation	-	-	132,565	-	-	-	59,795	-
Pininfarina Extra S.r.l.	65,079	10,542	148,264	172,248	392,075	27,227	1,001,040	-
Goodmind S.r.l.	-	-	-	-	24,000	-	-	-
Pininfarina Deutschland Holding GmbH	-	-	-	-	-	-	996	-
mpx Entwicklung GmbH Monaco	-	185,635	1,750,000	-	-	2,567,163	16,207	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	797,157	-	-	-	586,463	115,360	-	-
Total	862,236	196,177	2,030,829	172,248	1,002,538	2,709,750	1,078,038	-

The financial assets and liabilities with Pininfarina Extra S.r.l. relate to the domestic tax consolidation agreement.

In addition to the above figures, Studio Professionale Pavesio e Associati, related to the director Carlo Pavesio, provided legal assistance to the parent for total fees of €317,882 and Pantheon Italia S.r.l., related to the director Roberto Testore, provided commercial assistance for total fees of €30,070.

Fees to directors, statutory auditors and key management personnel:

Fees to the parent's directors and statutory auditors for their respective duties are as follows:

	Nine months ended	
	<u>30.09.2015</u>	<u>30.09.2014</u>
(€'000)		
Directors	466	458
Statutory auditors	75	75
Total	<u>541</u>	<u>533</u>

The total fees to Pininfarina S.p.A.'s key management personnel approximate €0.9 million for the first nine months of 2015.