



2006 Preliminary Results of the Pininfarin Group

Turin, February 6 2007 – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Andrea Pininfarina and approved the preliminary year-end data of the Pininfarina Group at December 31, 2006.

The table below shows the main operating and financial data for 2006 and provides a comparison with those at December 2005:

(in millions of euros)	Preliminary 2006	2005 actual	Change in absolute terms
Production value	587,4	383.0	+204.4
EBITDA	-11.1	10.5	- 21.6
EBIT	-41.2	-8.3	-32.9
Net profit (loss)	-20.1	-8.1	-12.0
Net financial position	-128.9	-6.9	-122.0
Shareholder's equity	156.9	188.6	- 29.2

EBITDA represents the profit or loss from operations before depreciation, amortization and additions to provisions.

EBIT represents the profit or loss from operations.

In 2006, the **value of production** increased by 53.4% compared with the data reported at December 31 2005. This improvement reflects the contribution of the Alfa Romeo and Mitsubishi orders and the startup of production for the Ford model. Despite this sharp increase in business volume, EBIT were negative by 41.2 million euros, as against negative **EBIT** of 8.3 million euros in 2005.

When evaluating the 2006 preliminary year-end data, it is important to keep in mind that the results at December 31, 2005 benefited from the gains generated by the sale of the investment in the Open Air System joint venture and the liquidation of PF RE SA, a Luxembourg-based subsidiary, which yielded a combined total of 32.5 million euros. The data for 2006 include a gain of 13.7 million euros on the sale of non-current assets. When extraordinary items are excluded, the negative change in EBIT amounts to 14.1 million euros instead of 32.9 millions.

This operating loss was caused mainly by delays in the startups of production, which impeded the growth of the Group's value of production, resulted in operating inefficiencies and reduced the resources available to cover overhead. In addition, the projected operating result for 2006 reflects the negative impact of provisions for restructuring costs of more than 10 million euros, which were conservatively set aside to cover contingent liabilities and other nonrecurring charges.

The operating loss was offset in part by the contribution of financial transactions, which, thanks to significant share gains, helped reduce the **loss for the period** to 20.1 million euros, as compared with a loss of 8.1 million euros in 2005.



The **net financial position**, which was negative by 128.9 million euros, showed a deterioration from September 30, 2006, when net indebtedness amounted to 91.5 million euros. Nevertheless, it was in line with projections made during the year. The increase in indebtedness is the result of several factors, including: the gradual completion of the capital investments required for the various production models, the start of repayments of most financing facilities and the changes in working capital caused by the delays in the start of production runs mentioned above.

An analysis by business segment shows that the **manufacturing operations generated value of production of 447 million euros** (more than double the 214.8 million euros reported in 2005), which is equal to 76% of total consolidated value of production (56% the previous year).

The **value of production** generated by the Group's **service businesses**, which include design, industrial design and engineering, amounted to **140.4 million euros** (168.2 million euros at December 31, 2005). These operations accounted for 24% of total value of production for the Group (44% in 2005).

Forecasts for the balance of the year call for consolidated value of production to increase sharply compared with 2006. The achievement of full operating capacity, scheduled for the second quarter of the year, when the production startup for the Ford Focus Coupe Cabriolet will be completed, should push value of production above 900 million euros and bring about **a return to operating profitability**. In line with the goals for the year, the Company reached an agreement with the Unions to reduce overhead. The financial impact of this agreement, which will produce 220 redundancies, has already been recognized in the data for 2006.

At the end of 2007, the net financial position should be little changed from the 2006 preliminary year-end amount. This is because the liquidity generated by changes in net working capital will be used to repay indebtedness incurred to fund the large investments made in the last two years.

In the coming weeks, the Group will attend the **2007 Geneva Motor Show**, where it will offer the world preview of a new **Maserati** model, with interiors and exterior designed by Pininfarina. This new model marks a continuation of the prestigious and successful cooperation that started with the Quattroporte. A new Automatic version of the Quattroporte, expressly conceived for the U.S. market, was unveiled in January. Another historic collaboration, the one with **Peugeot**, will be highlighted at the Group's booth by the presentation of the Expert, a new commercial vehicle with interiors designed by Pininfarina. Beside this two new models, the Company will bring to the Geneva Motor Show four convertibles — **the Alfa Romeo Spider, Ford Focus Coupe Cabriolet, Mitsubishi Colt CZC and Volvo C70** — that are currently being manufactured at Pininfarina plants in Italy and Sweden.

Recently, **D3**, a subsidiary of the **Pininfarina France-Matra Automobile Engineering Group** that operates in the field of styling and prototyping, won the "**Supplier Quality Award**," assigned each year by Renault to its best suppliers. This award was given for the high quality of the services and products provided by D3 to Renault Design in 2006.