Draft Financial Statements for Pininfarina S.p.A.

Turin – The Board of Directors of Pininfarina S.p.A., meeting today under the chairmanship of Sergio Pininfarina, approved the draft financial statements at December 31, 2004 that will be presented to the shareholders at a meeting scheduled for May 10, 2005.

The Group's performance in 2004 was in line with expectations. The financial statements show that the value of production totaled 601.8 million euros (779.2 million euros in 2003). The two developments that shaped the Group's operating results in 2004 were a decrease of 22.8% in the value of production and a rise in the percentage of total revenues contributed by the design and engineering operations.

EBIT totaled 18.7 million euros (26.5 million euros in 2003), an amount equal to 3.1% of the value of production (3.4% in 2003). The consolidated net financial position was positive by 16 million euros, compared with a positive balance of 105.9 million euros at December 31, 2003. The funding required to support the development of new products is the primary reason for this decrease.

Consolidated Financial Highlights

The manufacturing operations are in the process of renewing their order portfolio. The end of the Alfa Romeo and Peugeot manufacturing contracts and a decrease in orders for other models (especially for the Ford Streetka, which is scheduled to go off production in 2005, together with the Mitsubishi models) produced a year-over-year decrease in business volume. Moreover, the data for 2003 had been swelled by the great success enjoyed by the Ford Streetka in the year of its launch.

New developments in 2004 included the signing of the final contract for the styling, development and production of future convertible models for Ford and Mitsubishi. These orders and the contracts for Alfa Romeo and Volvo models will constitute the Group's production mix for the next few years. The start of manufacturing work on the new models between the second half of the current year and the first six months of 2006 will enable the Group to rehire all of the employees who are currently covered by the Special Government Layoff Benefits Fund. Also later this year, the Swedish subsidiaries Pininfarina Sverige A.B. and RHTU Sverige A.B. will increase their staff to about 700 employees as they begin production of a new Volvo convertible.

These staff additions will cause the total number of people employed by the Group to increase to 3,300. The design and engineering operations grew at a very rapid pace in 2004, increasing the value of production in absolute terms (up 52% to 155 million euros, compared with 102 million euros in 2003) and improving to 26% their contribution to the consolidated total. This positive performance clearly shows that the trend of rising sales and profits that started the previous year is continuing. The expansion of the customer base in the key market of China and the steady integration of the Italian operations with those of Matra Automobile Engineering (which in 2004 completed its first full year in business) were the key developments driving the growth of the Group's service activities. In view of the positive business prospects that have opened up in the all-important Chinese market, Pininfarina decided to establish an office in China. The establishment of a local presence will help the Group become firmly established in the Chinese market while achieving better coordination with local suppliers and directly monitoring the production startup of the projects it has developed.

The design operations had a banner year in the area of motor vehicles, introducing the Ferrari 612 Scaglietti and F430 and the Peugeot 1007. The Group was especially proud to receive the Red Dot Design award, which recognizes the Design Team of the Year. At the 2005 Geneva International Motor Show, the Pininfarina booth offered a world preview of several new products, including the Birdcage 75th, a concept car built with Motorola on a Maserati platform, which was named Best Concept Car by Autoweek, a U.S. magazine.

The Group's product design operations also closed 2004 with sharp gains both in revenues and profits, signing a number of new contracts. The agreement with Motorola, which calls for the design of more than 20 cellular telephones a year for the three years from 2004 to 2006, was especially significant.

The outlook for 2005 calls for the consolidated value of production to decrease by about 10% compared with the figure for 2004. The net financial position should show a smaller positive balance, due to the need to fund simultaneously the startup costs of several orders. The beginning of production for these orders will be staggered over the second half of the current year and the first six months of 2006. Once the transition phase is completed and production of the new models reaches maximum capacity (expected in the second half of 2006) and as the design and engineering operations continue to grow, the Group expects its value of production to rise sharply, passing the 1-billion-euro mark as early as 2006.
The comments on the consolidated data apply to those of Pininfarina S.p.A., the Group's Parent Company, as well. The table below shows the financial highlights of 2004 and provides a comparison with the previous year:
* Due to the merger by absorption of Industrie Pininfarina S.p.A. and Pininfarina Ricerca e Sviluppo S.p.A. into Pininfarina S.p.A., the Group's Parent Company, on January 1, 2004, the data for 2003 have been restated to make them comparable with those for 2004.

Significant events that occurred after the end of the year include the completion of negotiations with Webasto A.G. on the sale of the interest held by Pininfarina S.p.A. in the 50-50 joint venture Open Air Systems GmbH. This transaction, which will generate a 22-million-euro gain in the 2005 income statement of the Group's Parent Company, reflects the decision of both parties to focus on their respective core businesses, while at the same time maintaining a close relationship in the manufacturing area. OASYS will continue to be Pininfarina's exclusive supplier of engineering services for roof systems, and Pininfarina will continue to manufacture roof systems for OASYS

At the same meeting, the Board of Directors:

Approved the Annual Report on Corporate Governance, which includes an Organization, Management and Control Model that has been expanded to incorporate a section on Corporate Crimes. At the same time, the Board elected the Corporate Oversight Committee. The members of this corporate governance body, the establishment of which is expressly required by the Model pursuant to Legislative Decree No. 231/2001, include an independent Director (Carlo Pavesio), a Statutory Auditor (Piergiorgio Re) and the internal Control Officer. The term of office of the current Oversight Committee will expire upon the approval of the 2005 draft financial statements.
Approved a stock option plan for the period from 2005 to 2007 that will be reserved for executives of the Company and of the Pininfarina Extra S.r.l. subsidiary, except those who are also Directors of the Group's Parent Company. This plan, which is being adopted while the 2002-2004 plan is still in effect, calls for the annual award of batches of stock options to individual beneficiaries. These options will be exercisable at a later date if certain individual achievement targets determined by the company are met. The strike price of each option will be equal to the average of the daily closing prices for each of the stock market trading days during a period between the date of the option award and the same day of the previous month. The beneficiaries will vest in their option rights at the end of each year, provided they have met their assigned targets. Vested options are exercisable on a pro rata basis during the three years following the reference year.

The Board of Directors of Pininfarina S.p.A. proposed:

The distribution of a dividend of the same amount as in the previous year, i.e., 0.34 euros on each of the 9,317,000 common shares that comprise the capital stock, for a ratio of distributed to total earnings equal to 22.9%. Coupon No. 5 must be tendered on May 23, 2005, and the dividend will be payable on May 26, 2005.
The purchase of treasury shares up to a maximum of 400,000 common shares, which will be used in part for share exchanges and in part (up to 250,000 shares) to service the 2002–2004 and 2005–2007 Stock Option Plans for executives of the Company and its Italian subsidiaries. The authorization to buy these shares, in one or more installments, will be valid for a period of 18 months from the date the corresponding resolution is approved. Purchases will be made at a price that shall not be more than 15% below or 15% above the reference price at which the stock will have traded on the stock market on the day before the purchase. In

addition, the Board requested permission to sell at any time, in one or more installments, the treasury shares it already holds and those that it may acquire in the future in accordance with the foregoing proposal. The sales price may not be more than 10% below the reference price at which the stock will have traded on the stock market on the day before the sale. If the shares are used for the Stock Option Plans, the sales price may not be less than the value of the shares when the options were awarded, computed in accordance with the applicable provisions of the tax law. At present, Pininfarina S.p.A. holds 134,498 treasury shares, equal to l.44% of the Company's entire capital stock.

The Ordinary Shareholders' Meeting has been convened for May 10, 2005, at 10:30 AM, in the offices of Pininfarina in Cambiano (TO), on the first calling, and for May 12, 2005, same time and place, on the second calling.

As required by Consob Communication No. DME/5015175 of March 10, 2005, the Company is announcing that it is currently in the process of identifying and quantifying the impact on the consolidated financial statements of the differences between Italian accounting principles and the IAS/IFRS principles.

The IAS/IFRS principles will be adopted starting with the Semiannual Report at June 30, 2005.