



Preliminary 2005 results and 2006 outlook

Thursday, 9 February 2006

Turin – The Board of Directors of Pininfarina S.p.A., meeting today under the chairmanship of Sergio Pininfarina, approved the report on the preliminary results of the Pininfarina Group at December 31, 2005.

The data presented in this press release were computed in accordance with International Financial Reporting Standards (IAS/IFRSs). In order to allow the comparison of homogeneous data, the data for 2004 have been restated in accordance with the same standards.

The 2005 preliminary year-end data for the Pininfarina Group show that value of production totaled 382.6 million euros, compared with 557.8 million euros reported at the end of 2004 (- 31.4%). A breakdown of the Group's overall production value shows that the manufacturing operations accounted for 56% of the total, or 214.4 million euros (73% in 2004), with the design, product design and engineering operations accounting for the remaining 44%, or 168.2 million euros (27% in 2004). In recent years, these service businesses have enjoyed steady growth, confirming the wisdom of the Group's strategic decision to focus on automotive services, with special emphasis on engineering.

EBIT were negative by 8.7 million euros (-2.3% of value of production), compared with positive EBIT of 8.1 million euros in 2004 (1.5% of value of production).

The value of production data are consistent with the indications provided earlier in 2005, which forecast a particularly challenging year for the Group's manufacturing operations. However, profitability at the operating level fell short of the latest expectations due to a delay in the start of production of new models for Alfa Romeo and Volvo.

The Group's net financial position was negative by 7 million euros, compared with a surplus of 71.6 million euros at December 31, 2004. The main reasons for this change are the need to fund the development and production of new models (financial commitment of about 400 million euros as of December 31, 2005) and the underwriting of the Group's pro rata share of a capital increase carried out by Pininfarina Sverige AB this past December, when it purchased the Uddevalla factory from Volvo Car Corporation (financial commitment of about 36 million euros as of December 31, 2005).

As for the outlook for 2006, the production startup postponements that occurred in 2005 will have an impact on the Group's performance, preventing it from achieving its financial goals, but will not hamper the continued implementation of scheduled expansion plans. The consolidated value of production is expected to reach about 750 million euros, almost double the amount booked in 2005. While the results for the first six months of 2006 will continue to be affected by costs incurred to begin production of new models (Alfa Brera, Alfa Spider, Mitsubishi CZC, Ford Focus CC and Volvo C70), a return to profitability should be achieved in the second half of the year, manufacturing of the full product line will be under way and all production programs will be operational, enabling the Group to report breakeven EBIT for the full year. In 2007, when the manufacturing operations will be able to provide their full contribution, the consolidated value of production should be greater than 1 billion euros.

A review of the performance of the Group's operations is provided below.

The production operations were faced with a year characterized by a low level of activity that was concentrated mainly in the early months of 2005. The balance of the year was devoted mainly to preparing the production lines for new models. A total of 8,119 cars were produced, down from 22,869 cars in 2004 (- 64.5%).

Production of the C70, Volvo's new convertible, got under way at the Uddevalla plant in Sweden only in the final days of December. Production is expected to reach full capacity in the coming weeks. The Group's Italian factories are making final preparations for the upcoming start of production of the Alfa



Romeo Spider and Mitsubishi Colt CZC. Work is also continuing on the Ford Focus CC order. This model will complete the line of models that the Group will be manufacturing in the coming years.

The design and engineering operations continued to grow, increasing their contribution to the Group's overall value of production (+10% compared with 2004). An especially important achievement in the area of engineering programs for products manufactured directly by customers was the signing in November 2005 of the Group's first development contract JAC in China. In addition, the work carried out by a commercial office established in China enabled Pininfarina to strengthen its collaborative relationship with Changfeng and AviChina (Hafei).

Now that it has been fully integrated with the Pininfarina network, the Matra Automobile Engineering Group increased its value of production by 14%, as it continued to develop business opportunities and implement a portfolio of projects for European and Asian manufacturers.

At December 31, 2005, the Group's payroll increased to 2,733 employees (2,594 employees at the end of 2004), as it continued to rehire employees of Italian factories who are still enrolled in the Special Government Layoff Benefits Fund.

Starting this past November, Pininfarina Sverige AB, the Group's Swedish joint venture, expanded its payroll by 671 employees.

In the coming days, the Group will attend the Geneva Motor Show, where it will offer the world preview of the Alfa Spider, a car developed, designed and manufactured by Pininfarina, and of the Mitsubishi Colt CZC, a model for which Pininfarina handled all aspects of development, from styling to production. The spotlight will also be on another eagerly anticipated new entry: a 12-cylinder Ferrari berlinetta called 599 GTB. This new model will be shown both at the Ferrari and the Pininfarina booth. The Ford booth will unveil an early version of the Ford Focus CC, with the world preview of the final model scheduled for the London Motor Show. The Brera, another model developed by Pininfarina, will be on view at the Alfa Romeo booth.

The Olympic Torch, which was designed by Pininfarina, is arriving in Turin today. Tomorrow, during the Games' opening ceremony, the torch, the design of which has received worldwide accolades, will be used to light the Olympic Brazier, which was also designed by Pininfarina, marking the official start of the 2006 Winter Olympics in Turin.

Also today, the Maserati Birdcage 75th is being honored with the Louis Vuitton Classic Concept Award, which recognizes the best of the prototypes that won awards at international motor shows. The Maserati Birdcage 75th was developed in 2005 to celebrate the Company's 75th birthday.