



Pininfarina Group: the Board approves the preliminary 2002 Annual Report

2002 ends with improved operating results and net profit, despite lower value of production. Value of production expected to increase by 30% in 2003.

Turin – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Sergio Pininfarina and approved the preliminary 2002 Annual Report, which will be presented at the Ordinary Shareholders' Meeting on May 15, 2003. The shareholders will also be asked to extraordinarily vote on a motion to absorb through merger the subsidiaries Pininfarina Ricerca e Sviluppo S.p.A. and Industrie Pininfarina S.p.A.

The 2002 consolidated financial statements show a lower value of production than in 2001. This decrease confirms the forecast made when the 2001 Annual Report was approved. Despite the decrease, the Group's operating data improved and its net profit was up sharply. More specifically, while consolidated value of production decreased from 742.2 million euros in 2001 to 529.8 million euros in 2002 (-28.61%), the ratio of EBIT to value of production increased to 3.94% (3.44% in 2001).

Net profit was up 60.21%. The improvement from 9.3 million euros in 2001 to 14.9 million euros in 2002 reflects in part the beneficial impact of the tax incentives provided under current laws. The ratio of net profit to value of production more than doubled (2.81% in 2002, compared with 1.26% in the previous year). The consolidated net financial position was positive by 116.4 million euros at December 31, 2002, a gain of 3.83% over the 112.1 million euros reported at the end of 2001.

Among the noteworthy events that occurred in 2002 in the Group's various businesses were the design of the Ferrari "Enzo" which was shown at the Tokyo Museum of Modern Art and officially introduced at the Paris Motor Show; the opening, on schedule, of the new Engineering Center, which underscores the Group's ongoing commitment to this area of business; the rapid expansion of Open Air Systems GmbH, an affiliate established in February 2002; and the start of production of the Ford Streetka toward the end of the year, following its presentation at the Paris Motor Show.

The outlook for the Pininfarina Group in 2003 is for value of production to rise by more than 30%, reflecting a higher level of activity in all business segments. However, the substantial startup costs incurred in two endeavors — the beginning of work on the Ford Streetka order, which will account for about 50% of the product mix in 2003, and the continued development of Open Air Systems GmbH — will have an unfavorable impact on the bottom line.

Pininfarina S.p.A., the Group's Parent Company, ended 2002 with net profit of 2.9 million euros, down from 5 million euros in 2001. The decrease is the result of lower dividend income; a reduction in other financial income, which was caused by challenging conditions in the financial markets; and a rise in operating charges that occurred when employees and businesses formerly operated by the subsidiaries were transferred to the Parent Company. The net financial position improved to a positive 63.7 million euros (+24.65% compared with 2001). The forecast for the current year is for a sharp increase in net profit, with gains both in financial and operating income.

In addition, the Board of Directors approved a motion that proposes the merger by absorption of Pininfarina Ricerca e Sviluppo S.p.A. and Industrie Pininfarina S.p.A. into Pininfarina S.p.A. This further simplification of the Group is a natural offshoot of the strategy pursued in recent years of merging smaller companies into their parent companies and establishing separate business units, each provided with a greater store of human and technical resources.

The streamlining of the Group's organization and corporate structure is being implemented in pursuit of the goal of grouping all of the activities and services that the Pininfarina Group can offer to its customers under the umbrella of a single Company organized into business units. This approach will yield substantial synergies thanks to the use of managerial and administrative structures that will be smaller and,



consequently, more flexible and less costly. The purpose of this strategy is to respond to the growing need of the Group's customers for global services and to the increasing concentration of the automobile market by offering a leaner organization that is capable of making quick decisions.

Once the merger is completed, Pininfarina S.p.A. will no longer function as a holding Company with equity investments in manufacturing companies. It will become instead an industrial Company that produces motor vehicles and supplies all types of services related either directly or indirectly to the automotive industry (which it currently does through the companies it plans to absorb). As a result, it will be required to change its corporate purpose to include the industrial operations now carried out by the companies it intends to absorb.

Because the Company is changing its corporate purpose, the holders of ordinary and savings shares will have the right, as required by Article 2437 of the Italian Civil Code, to request that the Company redeem their shares, provided the merger is completed.

The shares tendered for redemption will be reimbursed, after the merger has been completed and the deed of merger filed with the Company Register, at a price equal to the simple arithmetical average of the closing prices of the ordinary and savings shares for the six months preceding the date of the Shareholders' Meeting.

The majority shareholder will not exercise the right of redemption.

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., 0.3814 euros on each savings share and 0.34 euros on each ordinary share, against presentation on May 26, 2003 of Coupon No. 3 for both the ordinary and savings shares. The dividend will be payable on May 29, 2003.

Ordinary and Extraordinary Shareholders' Meetings have been convened for May 15, 2003, at 10:00 AM, in the offices of Pininfarina Ricerca e Sviluppo S.p.A., in Cambiano, on the first calling, and for May 16, 2003, same time and place, on the second calling.

Profit and Loss Account (in thousands of euros)

	12/31/02	%	12/31/01	%	Change
Net revenues	485,826	91.70	701,457	94.51	-215,631
Changes in inventory of work in process and finished product	16,266	3.07	16,064	2.16	202
Other income and revenues	27,701	5.23	24,496	3.30	3,205
Increase in fixed assets constructed internally	26	0.00	204	0.03	-178
Value of production for the period	529,819	100.00	742,221	100.00	-212,402
Raw materials and outside services	- 414,878	(78.31)	- 596,946	(80.43)	182,068
Change in inventory of raw materials	-1,765	(0.33)	-16,465	(2.22)	14,7
Value added	113,176	21.36	128,81	17.35	-15,634
Personnel costs	-74,666	(14.09)	-85,51	(11.52)	10,844
EBITDA	38,51	7.27	43,3	5.83	-4,79
Depreciation and amortization	-17,473	(3.30)	-17,611	(2.37)	138
Provisions	-176	(0.03)	-188	0.03	12
EBIT	20,861	3.94	25,501	3.44	-4,64
Net financial income	1,635	0.31	6,473	0.87	-4,838
Other income (expense), net	-10,358	(1.96)	-11,692	(1.58)	1,334
Profit before taxes	12,138	2.29	20,282	2.73	-8,144
Income taxes	2,776	0.52	-10,932	(1.47)	13,708
Net profit	14,914	2.81	9,349	1.26	5,565

Net Financial Position (in thousands of euros)

12/31/02	12/31/01	Change	
Liquid assets	17,333	45,571	-28,238
Fixed-income securities, net	88,905	57,538	31,367
Listed equity securities, net	11,656	11,235	421
Short-term bank borrowings	-	-	-
Net short-term liquid assets	117,894	114,344	3,55
Long-term bank debt	-1,457	-2,244	787
Net financial position	116,437	112,1	4,337

Balance Sheet (in thousands of euros)

12/31/02	12/31/01	Change	
A) Net non-current assets			
Net intangible assets	6,231	6,686	-455
Net fixed assets	93,227	98,004	-4,777
Net financial assets	3,352	1,46	1,892
	102,81	106,15	-3,34
B) Working capital			
Inventory	68,583	54,283	14,3
Trade accounts receivable, net	45,082	74,188	-29,106
Other assets	22,343	23,309	-966
Trade accounts payable	-108,708	-142,427	33,719
Taxes payable	-13,475	-14,692	1,217
Other liabilities	-40,543	-31,224	-9,319
	-26,718	-36,563	9,845
C) Net invested capital (A+B)	76,092	69,587	6,505
D) Reserve for termination indemnities	25,866	26,998	-1,132
E) Net capital requirements (C-D)	50,226	42,589	7,637
F) Shareholders' equity			
Share capital	9,317	9,317	0
Reserves	142,432	136,023	6,409
Net profit for the year	14,914	9,349	5,565
	166,663	154,689	11,974
G) Net financial position			
Long-term debt	1,457	2,244	-787
(Net liquid assets)	-117,894	-114,344	-3,55
	-116,437	-112,1	-4,337
H) Total as in E (F+G)	50,226	42,589	7,637