



pininfarina



PRESS RELEASE

## Quarterly Report of the Pininfarina Group Outlook for the Balance of 2007

Turin, May 11, 2007 – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Andrea Pininfarina and approved the report on operations of the Group in the first three months of 2007.

The table below shows the highlights from the consolidated income statement and balance sheet at March 31, 2007 and provides a comparison with those for the first quarter of 2006:

| (in millions of euros) | First quarter<br>2007 | First quarter<br>2006 | Balance sheet<br>at 12/31/06 | Change in<br>absolute terms* |
|------------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| Value of production    | 191.8                 | 134.4                 |                              | +57.4                        |
| EBITDA                 | -2.6                  | -7.4                  |                              | +4.8                         |
| EBIT                   | -11.4                 | -11.4                 |                              | -                            |
| Net profit (loss)      | -9.9                  | -8.1                  |                              | -1.8                         |
| Net financial position | -131.8                | 26.7                  | -120.9                       | -10.9                        |
| Shareholders' equity   | 144.9                 | 184.1                 | 155.1                        | -10.2                        |

\* Changes in absolute terms in the quarterly balance sheet data are computed against the amounts at December 31, 2006.

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

EBIT represents the profit or loss from operations.

As anticipated and disclosed when approving the draft 2006 financial statements, the Group reported negative results in the first quarter of 2007. At the operating level, manufacturing results were adversely affected by problems with the Ford Focus Coupé Cabriolet order, with startup costs rising above budget and output failing to reach planned volumes. On the other hand, the contribution of the service activities performed for non-captive customers exceeded expectations. In terms of the result before taxes, Pininfarina Sverige AB operated at a profit, providing a quarterly contribution that was significantly better than expected.

The developments that affected the Group's operating performance in the first quarter of 2007 are reviewed below:



- The performance of the manufacturing operations was again negative, with the operating loss remaining at about the same level as in the first three months of 2006, even though the number of cars produced more than doubled compared with the same period last year. Specifically, in the first quarter of 2006, the Group incurred the extra costs required to launch two new models (Mitsubishi Colt CZC and Alfa Romeo Spider), while the data for the first quarter of 2007 reflect the impact of the startup costs for the Ford Focus Coupé Cabriolet model. Moreover, the Ford model accounted for 42% of the 7,576 cars invoiced during the first three months of 2007.

- The service businesses, taken as a whole, returned to profitability, posting significantly better results than in the first quarter of 2006. In absolute terms, EBIT for the first three months of 2007 were only slightly less than the amount earned in all of 2006. The main reasons for this improvement include an increase in assignments involving styling and engineering projects for items manufactured by customers outside the Group and the positive contribution provided by the German companies following the restructuring launched in the second half of 2006.

- The Pininfarina Sverige A.B. joint venture provided a positive contribution thanks to the success of the Volvo C70 model both in Europe and the United States.

**At March 31, 2007, value of production totaled 191.8 million euros, or 42.7% more than the amount at March 31, 2006 (134.4 million euros). EBITDA were negative by 2.6 million euros, but the loss had narrowed significantly compared with the first quarter of 2006, when it totaled 7.4 million euros. EBIT were also negative and the loss of 11.4 million euros was about the same as the amount reported a year earlier.** The net result of the different fund flows was a net financial expense of 1.5 million euros (net financial income of 1.1 million euros at March 31, 2006). The Group's interest in the net profit of the Pininfarina Sverige joint venture amounted to 1.1 million euros (loss of 0.2 million euros in the first quarter of 2006). The loss before taxes totaled 11.8 million euros (loss of 10.6 million euros at March 31, 2006) and **the net loss** (after deducting the amount by which deferred-tax assets exceeded current taxes) **amounted to 9.9 million euros (loss of 8.1 million euros last year).**

**The net financial position was negative by 131.8 million euros, compared with net indebtedness of 120.9 million euros at December 31, 2006** (positive balance of 26.7 million euros at March 31, 2006). The main developments that occurred in the financial area were a decrease in the cash flow used for operating purposes compared with the previous quarters and a continuation of the repayment of financing received in connection with manufacturing orders.

At March 31, 2007, the Group had 2,856 employees, up from 2,738 employees a year earlier (+4.3%). An additional 794 employees worked for the Pininfarina Sverige A.B. joint venture in Sweden.



A review of the data by business segment shows that the manufacturing operations increased their value of production to 159.1 million euros (+63.3% compared with 97.4 million euros in 2006). All of the different production orders contributed to different degrees to this significant increase. EBIT, which were negative by 12.5 million euros (negative EBIT of 12.1 million euros at March 31, 2006), were equal to 7.9% of the value of production, compared with 12.4% in the first three months of 2006. A total of 7,576 cars were invoiced during the period, more than double the 3,316 shipped in the first quarter of 2006. In Sweden, Pininfarina Sverige A.B. sold 5,566 cars in the first three months of 2007, up from 2,144 units the previous year.

The total value of production generated by the styling and engineering operations amounted to 32.7 million euros, or 11.6% less than the 37 million euros reported at March 31, 2006. A decrease in development work for Pininfarina products accounts for this decrease. However, development assignments for products manufactured by non-captive customers increased and, combined with the contribution of the reorganized German operations, ensured a continuation of the improvement in profitability that started in 2006. Specifically, the service businesses generated EBIT of 1.1 million euros, up from EBIT of 0.6 million euros at March 31, 2006.

**Forecasts for the balance of the year call for consolidated value of production to amount to about 800 million euros.** The increase over the 589 million euros reported in 2006 will be mainly the result of a complete renewal of the Group's product line.

**EBIT for all of 2007 are expected to be positive, with projections calling for the Group's regular operations to show a significant increase in profitability during the remainder of the year. The Group should achieve operating breakeven as early as the second quarter of the year.**

During the rest of the year, the cash flow from operations, which reflects changes in working capital, will still be insufficient to cover debt services. Consequently, **the net financial position is expected to deteriorate further compared with the first quarter of 2007.**

**For additional information contact:**

**Pininfarina S.p.A:**

*Francesco Fiordelisi, Corporate Communications Manager, tel. +39-011.9438105/335.7262530*

*Gianfranco Albertini, Investor Relations, tel. +39-011.7091400*

**Studio Mailander:** *Carolina Mailander, tel. +39-011.5527311/335.6555651*

**Pininfarina Group** – With a history that dates back to 1930, Pininfarina is today a leading supplier of automotive services, offering carmakers creative solutions that combine proprietary knowhow and flexibility at every step of **design, product and process engineering and of niche vehicle production**, acting either as a partner in a complete turnkey cycle or as the supplier of specific services. The Company has more than **3,000 employees** and offices in **Italy, France, Germany, Sweden, Morocco and China**. The current production line includes five new models: **Volvo C70, Alfa Romeo Brera, Alfa Romeo Spider, Ford Focus CC and Mitsubishi Colt CZC**. The Group's portfolio of **customers** includes, among many others, Ferrari, Maserati, Peugeot-Citroën, Renault, Jaguar, Honda, Daewoo, Hyundai, AviChina, Brilliance, Chery, Changfeng and JAC. **Pininfarina Extra**, a Group company that has been in business for 20 years, specializes in **interior and product design** for such high-profile customers as Motorola, Jacuzzi, Gancia, Lavazza, Snaidero and 3M.



## RECLASSIFIED FINANCIAL STATEMENTS

The reclassified financial statements contain unaudited data. They regroup the data presented in the financial statements required under current statutes differently, with the objective of providing a more immediate understanding of the data, without affecting the logic of their presentation. It is important to keep in mind that the data shown for “EBIT” and “Other income (expense)” in the reclassified financial statements have the same meaning as the data shown for “EBIT” and “valuation adjustments” in the IAS/IFRS financial statements.

Consolidated Financial Statements of the Pininfarina Group at 3/31/07

Reclassified Consolidated Income Statement

(in thousands of euros)

|   | Data            |               | at              |               | Change         | Data at         |
|---|-----------------|---------------|-----------------|---------------|----------------|-----------------|
|   | 3/31/07         | %             | 3/31/06         | %             |                | 12/31/06        |
| Net revenues  | 178,398         | 92.98         | 103,009         | 76.63         | 75,389         | 526,382         |
| Changes in inventory of work in progress and finished goods | 12,666          | 6.63          | 30,375          | 22.60         | (17,709)       | 54,348          |
| Other income and revenues                                   | 665             | 0.35          | 722             | 0.54          | (57)           | 6,961           |
| Work performed internally and capitalized                   | 76              | 0.04          | 310             | 0.23          | (234)          | 1,123           |
| <b>Value of production for the period</b>                   | <b>191,805</b>  | <b>100.00</b> | <b>134,416</b>  | <b>100.00</b> | <b>57,389</b>  | <b>588,814</b>  |
| Net gain on disposal of non-current assets                  | 314             | 0.16          | 65              | 0.05          | 249            | 11,869          |
| Raw materials and outside services                          | (148,728)       | (77.88)       | (126,158)       | (93.86)       | (22,570)       | (502,035)       |
| Change in inventory of raw materials                        | (7,966)         | (4.17)        | 15,454          | 11.50         | (23,420)       | 17,282          |
| <b>Value added</b>  | <b>35,425</b>   | <b>18.11</b>  | <b>23,777</b>   | <b>17.69</b>  | <b>11,648</b>  | <b>115,930</b>  |
| Labor costs   | (38,007)        | (19.90)       | (31,178)        | (23.19)       | (6,829)        | (127,856)       |
| <b>EBITDA</b>   | <b>(2,582)</b>  | <b>(1.79)</b> | <b>(7,401)</b>  | <b>(5.51)</b> | <b>4,819</b>   | <b>(11,926)</b> |
| Depreciation, amortization and writedowns                   | (9,541)         | (5.00)        | (3,992)         | (2.97)        | (5,549)        | (23,107)        |
| Additions to provisions and reserves                        | 694             | 0.36          | (38)            | (0.03)        | 732            | (8,441)         |
| <b>EBIT</b>   | <b>(11,429)</b> | <b>(6.42)</b> | <b>(11,431)</b> | <b>(8.50)</b> | <b>2</b>       | <b>(43,474)</b> |
| Financial income (expense), net                             | (1,459)         | (0.76)        | 1,060           | 0.79          | (2,519)        | 20,768          |
| Other income (expense), net                                 | 1,113           | 0.58          | (181)           | (0.13)        | 1,294          | (860)           |
| <b>Profit before taxes</b>                                  | <b>(11,775)</b> | <b>(6.60)</b> | <b>(10,552)</b> | <b>(7.85)</b> | <b>(1,223)</b> | <b>(23,566)</b> |
| Income taxes  | 1,872           | 1.00          | 2,458           | 1.83          | (586)          | 1,683           |
| <b>Profit (Loss) for the period</b>                         | <b>(9,903)</b>  | <b>(5.60)</b> | <b>(8,094)</b>  | <b>(6.02)</b> | <b>(1,809)</b> | <b>(21,883)</b> |

**Consolidated Financial Statements of the Pininfarina Group at 3/31/07**  
**Reclassified Consolidated Balance Sheet**  
(in thousands of euros)

|  | <u>Data at</u>  |                 | Change          | <u>Data at</u>  |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 3/31/07         | 12/31/06        |                 | 3/31/06         |
| <b>Net non-current assets (A)</b>                |                 |                 |                 |                 |
| Net intangible assets                            | 7,761           | 8,154           | (393)           | 6,202           |
| Net property, plant and equipment                | 297,819         | 292,717         | 5,102           | 208,514         |
| Equity investments                               | 36,090          | 35,639          | 451             | 34,295          |
| <b>Total A</b>                                   | <b>341,670</b>  | <b>336,510</b>  | <b>5,160</b>    | <b>249,011</b>  |
| <b>Working capital (B)</b>                       |                 |                 |                 |                 |
| Inventory  | 42,564          | 42,470          | 94              | 67,918          |
| Net trade receivables and other receivables      | 170,558         | 132,488         | 38,070          | 106,972         |
| Deferred-tax assets                              | 26,112          | 23,583          | 2,529           | 27,802          |
| Trade accounts payable                           | (205,920)       | (167,765)       | (38,155)        | (197,366)       |
| Provision for risks and charges                  | (7,530)         | (8,211)         | 681             | (2,795)         |
| Other liabilities                                | (60,976)        | (52,145)        | (8,831)         | (64,888)        |
| <b>Total B</b>                                   | <b>(35,192)</b> | <b>(29,580)</b> | <b>(5,612)</b>  | <b>(62,357)</b> |
| <b>Net invested capital (C=A+B)</b>              | <b>306,478</b>  | <b>306,930</b>  | <b>(452)</b>    | <b>186,654</b>  |
| <b>Provision for termination indemnities (D)</b> | <b>29,732</b>   | <b>30,912</b>   | <b>(1,180)</b>  | <b>29,298</b>   |
| <b>Net capital requirements (E=C-D)</b>          | <b>276,746</b>  | <b>276,018</b>  | <b>728</b>      | <b>157,356</b>  |
| <b>Shareholders' equity (F)</b>                  | <b>144,937</b>  | <b>155,078</b>  | <b>(10,141)</b> | <b>184,069</b>  |
| <b>Net financial position (G)</b>                |                 |                 |                 |                 |
| Long-term debt/loans receivables, net            | 64,693          | 107,892         | (43,199)        | 72,806          |
| (Net liquid assets)                              | 67,116          | 13,048          | 54,068          | (99,519)        |
| <b>Total G</b>                                   | <b>131,809</b>  | <b>120,940</b>  | <b>10,869</b>   | <b>(26,713)</b> |
| <b>Total as in E (H=F+G)</b>                     | <b>276,746</b>  | <b>276,018</b>  | <b>728</b>      | <b>157,356</b>  |

Consolidated Financial Statements of the Pininfarina Group at 3/31/07

Net Financial Position

(in thousands of euros)

|  | Data at          |                  | Change          | Data at         |
|--|------------------|------------------|-----------------|-----------------|
|  | 3/31/07          | 12/31/06         |                 | 3/31/06         |
| Cash and cash equivalents  | 13,734           | 16,933           | (3,199)         | 29,795          |
| Current assets held for trading  | 62,821           | 61,864           | 957             | 60,835          |
| Current loans receivable and other receivables                           | 43,652           | 66,912           | (23,260)        | 50,534          |
| Available-for-sale current assets  | 0                | 0                | 0               | 0               |
| Loans receivable from associates and joint ventures                      | 0                | 0                | 0               | 0               |
| Bank account overdrafts  | (32,073)         | (31,331)         | (742)           | (280)           |
| Current liabilities under finance leases                                 | (90,695)         | (74,001)         | (16,694)        | (41,365)        |
| Loans payable to associates and joint ventures                           | 0                | 0                | 0               | 0               |
| Current portion of bank debt   | (64,555)         | (53,425)         | (11,130)        | 0               |
| <b>Net liquid assets</b>   | <b>(67,116)</b>  | <b>(13,048)</b>  | <b>(54,068)</b> | <b>99,519</b>   |
| Long-term loans and other receivables from outsiders                     | 204,320          | 185,806          | 18,514          | 158,062         |
| Long-term loans and other receivables from associates and joint ventures | 99,711           | 98,473           | 1,238           | 117,485         |
| Available-for-sale non-current assets                                    | 0                | 0                | 0               | 32,092          |
| Long-term liabilities under finance leases                               | (264,119)        | (282,274)        | 18,155          | (221,373)       |
| Long-term bank debt  | (104,605)        | (109,897)        | 5,292           | (159,072)       |
| <b>Long-term debt/loans receivable, net</b>                              | <b>(64,693)</b>  | <b>(107,892)</b> | <b>43,199</b>   | <b>(72,806)</b> |
| <b>Net financial position</b>  | <b>(131,809)</b> | <b>(120,940)</b> | <b>(10,869)</b> | <b>26,713</b>   |