



PRESS RELEASE

QUARTERLY REPORT OF THE PININFARINA GROUP

Turin, November 10, 2006 – 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 nine months of 2006.

The Quarterly Report at September 30, 2006 was prepared in accordance with the international accounting principles set forth in IAS 34 and complies with IFRS guidelines. The accounting principles applied are substantially the same as those that were used for the first time in the preparation of the data at June 30, 2005.

In the first nine months of 2006, **value of production** totaled 459.1 million euros, an increase of 68.5% over the 272.5 million euros reported at September 30, 2005. This improvement reflects the achievement of full production levels on the Alfa Romeo Brera and Mitsubishi Colt CZC orders. Despite this sharp increase in business volume, EBIT (which represents the profit or loss from operations) were negative by 22.5 million euros, as against positive EBIT of 9.2 million euros in the first nine months of 2005.

Certain developments that had an impact on the data comparison at June 30, 2006 should also be taken into consideration when reviewing the data for the first nine months of the year. Specifically:

- The data at September 30, 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 the first six months of 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 12.9 million euros.
- The 2006 production orders have smaller margins than those of 2005 due to the burdensome cost structure that is typical of the production startup phase.



Nevertheless, there was a deterioration in operating performance in the third quarter, due mainly to delays in the startups of production scheduled in that period, which impeded the growth of the Group's value of production, resulted in operating inefficiencies, reduced the resources available to cover overhead and are causing temporary staff layoffs.

This operating performance caused the Group to report a **loss for the period** of 16.3 million euros, as compared with a profit of 11.5 million euros in the first nine months of 2005.

The **net financial position**, which was negative by 91.5 million euros, showed a significant deterioration from June 30, 2006, when net indebtedness amounted to 3.7 million euros (indebtedness of 6.9 million euros at December 31, 2005). 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, as mentioned above.

An analysis by business segment shows that the manufacturing operations generated value of production of 355.4 million euros (more than double the 145.3 million euros reported in 2005), which is equal to 77.4% of total consolidated value of production (53.3% in the same period last year).

The value of production generated by the Group's service businesses, which include design, industrial design and engineering, amounted to 103.7 million euros (127.2 million euros at September 30, 2005). These operations accounted for 22.6% of total value of production for the Group (46.7% in the first nine months of 2005). The salient event that occurred in this area was the completion of the restructuring of the German operations and the sale of the manufacturing activities of Pininfarina Deutschland GmbH on October 1, 2006. At the same time, mpx Entwicklung, a Munich-based company that was acquired this past July, has already begun to provide a positive contribution.

Forecasts for the balance of the year call for consolidated value of production to increase by about 40% as compared with December 31, 2005. The main reason for this less optimistic projection, which has been scaled back from previous forecasts, is related to further delays in the startups of production compared with the scheduled program.

This delay will make it impossible to use the remaining months of the year to reduce the operating loss incurred thus far in 2006. The net financial position will decrease, compared with September 30 2006, reflecting the completion of investment programs and changes in net working capital. A turnaround is expected in 2007, when all models will achieve full production levels.

The year that is coming to an end was characterized by an unprecedented financial and industrial effort on the part of the Company due to the startup of production of five new models (Alfa Romeo Spider, Alfa Romeo Brera, Ford Focus Coupé-Cabriolet, Mitsubishi Colt CZC and Volvo C70), which was achieved without compromising Pininfarina's traditional commitment and dedication to innovation and diversification. An example of this approach is



the new T-Belt system installed at the Pininfarina wind tunnel facility (which will enable the Company to broaden its range of services in the car racing area) and the return to one-off car production such as the Ferrari 612 Scaglietti "K" and the Ferrari P4/5, manufactured for U.S. collectors.

The results reported thus far in 2006 demonstrate that there is a need to reduce overhead if the Group is to attain its profitability targets. Accordingly, management is planning to meet with union representatives within the next 10 days to reach an agreement on how best to handle any staff redundancies.

During the meeting, the independent Directors Franco Bernabè, Mario Deaglio, Edoardo Garrone and Carlo Pavesio designated Mario Deaglio as the "Lead Independent Director," as required by rules of the Code of Conduct for Listed Companies.

Lastly, the Board of Directors established a Strategic Guidelines Committee. The members of the Committee are: Andrea Pininfarina (Chairman and CEO), Paolo Pininfarina (Deputy Chairman), Lorenza Pininfarina (Committee Coordinator) and the above mentioned four independent Directors. The Strategic Guidelines Committee will provide consulting support to the Chairman and CEO.

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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 Coupé-Cabriolet 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. As an Official Supplier of the 2006 Turin Winter Olympics, Pininfarina designed, developed and produced 12,000 **Olympic Torches** and 150 **Special Olympics Torches** and designed the **Olympic Brazier**. **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, 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.



PININFARINA GROUP

Reclassified Consolidated Income Statement

(amounts in thousand of euros)

	Data at		Data at		Change	Data at
	9/30/06	%	9/30/05	%		
Net revenues	402,460	87.67	211,129	77.47	191,331	461,426
Changes in inventory of work in progress and finished goods	50,999	11.11	56,479	20.72	(5,480)	(85,206)
Other income and revenues	4,736	1.03	4,939	1.81	(203)	5,391
Work performed internally and capitalized	874	0.19	0	0.00	874	1,419
Value of production	459,069	100.00	272,547	100.00	186,522	383,030
Net gain on disposal of non-current assets	13,739	2.99	32,521	11.93	(18,782)	32,443
Raw materials and outside services	(403,110)	(87.81)	(200,395)	(73.53)	(202,715)	(296,307)
Change in inventory of raw materials	21,810	4.75	(9,394)	(3.45)	31,204	(5,794)
Value added	91,508	19.93	95,279	34.96	(3,771)	113,372
Labor costs	(98,395)	(21.43)	(73,750)	(27.06)	(24,645)	(102,906)
EBITDA	(6,887)	(1.50)	21,529	7.90	(28,416)	10,466
Depreciation, amortization and writedowns	(15,548)	(3.39)	(12,332)	(4.52)	(3,216)	(16,373)
Additions to provisions and reserves	(69)	(0.01)	0	0.00	(69)	(2,374)
EBIT	(22,504)	(4.90)	9,197	3.37	(31,701)	(8,281)
Net financial income	2,593	0.56	3,585	1.32	(992)	1,370
Other income (expense), net	(465)	(0.10)	(3,710)	(1.36)	3,245	(2,590)
Profit before taxes	(20,376)	(4.44)	9,072	3.33	(29,448)	(9,501)
Income taxes	4,038	0.88	2,413	0.89	1,625	1,398
Profit (Loss) for the period	(16,338)	(3.56)	11,485	4.21	(27,823)	(8,103)

PININFARINA GROUP
Reclassified Consolidated Balance Sheet
(amount in thousand of euros)

	Data at		Change	Data at
	9/30/06	12/31/05		6/30/06
Net non-current assets (A)				
Net intangible assets	7,630	6,284	1,346	6,322
Net property, plant and equipment	257,618	203,057	54,561	241,022
Equity investments	35,692	34,592	1,100	36,629
Total A	300,940	243,933	57,007	283,973
Working capital (B)				
Inventory	83,812	32,358	51,454	75,833
Net trade receivables and other receivables	156,683	122,455	34,228	138,109
Deferred-tax assets	26,081	20,927	5,154	31,814
Trade accounts payable	(209,432)	(129,079)	(80,353)	(238,994)
Provision for risks and charges	(4,118)	(2,728)	(1,390)	(2,908)
Other liabilities	(58,888)	(63,706)	4,818	(74,677)
Total B	(5,862)	(19,773)	13,911	(70,823)
Net invested capital (C=A+B)	295,078	224,160	70,918	213,150
Provision for termination indemnities (D)	30,320	28,709	1,611	29,817
Net capital requirements (E=C-D)	264,758	195,451	69,307	183,333
Shareholders' equity (F)	173,209	188,557	(15,348)	179,627
Net financial position (G)				
Long-term debt	39,361	96,146	(56,785)	102,483
(Net liquid assets)	52,188	(89,252)	141,440	(98,777)
Total G	91,549	6,894	84,655	3,706
Total as in E (H=F+G)	264,758	195,451	69,307	183,333