



A successful 2003 for the Pininfarina group

Value of production up 47.1% to more than 779 million euros; EBIT increase to 26.5 million euros (+26.8%)

Turin – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Sergio Pininfarina and approved the preliminary 2003 Annual Report, which will be presented at the Shareholders' Meeting on May 11, 2004.

The Pininfarina Group turned in an outstanding performance in 2003. Consolidated value of production rose 47.1% to 779.2 million euros, up from 529.8 million euros in 2002. EBIT, which grew by 26.8% to 26.5 million euros (20.9 million euros in 2002), were equal to 3.4% of the value of production.

Profit before taxes jumped to 22.2 million euros, or 83.5% more than the 12.1 million euros earned in 2002. At 10.1 million euros, net profit was down 32.2% compared with the 14.9 million euros reported the previous year, due to the phase out of tax credits that had been fully in force in 2002, but was higher than in earlier years (9.3 million euros in 2001 and 8.8 million euros in 2000).

The ratio of net profit to value of production was 1.3% in 2003 and 2.8% in 2002.

The consolidated net financial position was positive by 105.9 million euros at December 31, 2003, compared with 116.4 million euros at December 31, 2002. The decision to finance the ongoing development of new products and the acquisition of Matra Automobile Engineering with internal resources is the main reason for this decrease.

All of the Group's operations contributed to the positive results achieved in 2003, validating the growth strategy launched two years ago. In 2002, this same strategy led to the establishment of Open Air Systems, a joint venture with Webasto AG, and the creation of the Cambiano Engineering Center.

For the manufacturing operations, the most important events of 2003 were the market launch of the Ford Streetka and the establishment in November of Pininfarina Sverige AB, a company based in Uddevalla, Sweden, in which Pininfarina S.p.A. has a 60% interest. This joint venture with Volvo Car Corporation of Sweden will be responsible for producing a new generation of convertible cars that are currently being developed by the Pininfarina Engineering Center in Cambiano. The Group's engineering operations were strengthened by the acquisition of the design, testing and prototype construction activities of Matra Automobile Engineering in September. Noteworthy developments in the area of design included the world debuts, in recent months, of two highvisibility products — the Maserati Quattroporte and the Ferrari 612 Scaglietti — which were made possible by the collaborative relationship that exists with Ferrari and Maserati.

The outlook for the Group in 2004 points to a consolidation of its growth rate in the wake of the highly gratifying results reviewed above, with the consolidated value of production falling by about 10% compared with 2003. This decline will be due primarily to the beginning of a new cycle of manufacturing orders for the 2004-2005 period, offset only in part by healthy growth in the design and engineering businesses. These operations are expected to provide a more sizable contribution to the Group's value of production as early as 2004, confirming the wisdom of the strategic choice of repositioning Pininfarina's manufacturing business and transforming the Company into a supplier of services to automotive customers. This strategy has already propelled the Group to the top of this industry in Europe.

The Group's profitability goal is to maintain the profit margins it achieved in 2003, despite a challenging and highly competitive market environment. The Group's Parent Company, Pininfarina S.p.A., ended 2003 with a net profit of 8.6 million euros, compared with 2.9 million euros in 2002. A rise in the dividends received from subsidiaries and an increase in financial income are the main reasons for this strong performance. The net financial position was positive by 62.3 million euros, substantially in line with 2002, when the positive balance was 63.7 million euros. In considering the outlook for the Group's Parent Company, it is important to keep in mind that the mergers by absorption of Industrie Pininfarina S.p.A. and Pininfarina Ricerca e Sviluppo S.p.A.



into Pininfarina S.p.A., both of which became effective on January 1, 2004, significantly changed the status of the absorbing company, transforming it from a financial holding company into an industrial company and making it the largest contributor to the Group's value of production. As a result, the data for Pininfarina S.p.A. in 2004 will not be comparable with those of the previous year, and the forecasts made with regard to consolidated data are largely applicable to the Parent Company as well.

February 2, 2004 marked the end of the period during which shareholders had the right to request redemption of their shares due to the change in the Company's corporate purpose that resulted from the merger of Industrie Pininfarina S.p.A. and Pininfarina Ricerca e Sviluppo S.p.A. into Pininfarina S.p.A. A total of two shareholders, who owned 71,375 common shares, or about 0.76% of the share capital, validly exercised this right.

Pininfarina S.p.A. purchased these shares as treasury stock. They will be used in connection with the Company's 2002-2004 stock option plan. The price per share, computed pursuant to law, was 18.865 euros. In addition, the Company adopted an organizational, management and control model consistent with Legislative Decree No. 231/2001 and approved a Code of Ethics that will be used by all Group companies.

In view of Pininfarina's internal organization and the guidelines recently issued by Italy's Federation of Industry, also known as Confindustria, the Corporate Oversight function was attributed to a committee that includes an independent Director who is also a member of the Audit Committee, a member of the Board of Statutory Auditors, and the Internal Control Officer. This mix ensures that the committee in question meets all of the requirements for autonomous decision making, independence, professionalism and continuity that are necessary for the exercise of its functions.

The term of office for members of the Corporate Oversight Committee will expire on the date when the Board of Directors meets to approve the Company's financial statements at December 31, 2004. The Board of Directors of Pininfarina S.p.A. proposed the distribution of a dividend of the same amount as in 2003, i.e., 0.3814 euros on each savings share and 0.34 euros on each ordinary share, against presentation on May 24, 2004 of Coupon No. 4 for both ordinary and savings shares. The dividend will be payable on May 27, 2004.

Ordinary and Extraordinary Shareholders' Meetings have been convened for May 11, 2004, at 10 AM, in the offices of Pininfarina in Cambiano, on the first calling, and for May 12, 2004, same time and place, on the second calling. Lastly, the Board of Directors agreed to submit a motion to the Extraordinary Shareholders' Meeting and the Special Meeting of Savings Shareholders for the mandatory conversion of the 65,908 savings shares currently outstanding into newly issued ordinary shares, ranking for dividends as of January 1, 2004. The conversion will be one-for-one with no equalization payment.

The reasons for this conversion are the clear lack of interest among investors for savings shares (no such shares were traded during 60% of the days when the stock market was open between January 2002 and February 2004) and the small size of the existing float (savings shares represent about 0.71% of the Company's total share capital). The Special Meeting of Savings Shareholders will be held in Turin, at Morone Notary's Office, 5 Via Mercantini, on May 11, 2004, at 6 PM, on the first calling, or on May 12, 2004, same time and place, on the second calling.

**Profit and Loss Account(in thousands off euros)**

	12/31/03	%	12/31/02	%	Change
Net revenues	688,549	88.36	485,826	91.70	202,723
Changes in inventory of work in process and finished products	14,337	1.84	16,266	3.07	(1,929)
Other income and revenues	27,572	3.54	27,701	5.23	(129)
Increase in fixed assets constructed internally	48,757	6.26	26	0.00	48,731
Value of production for the period	779,215	100.00	529,819	100.00	249,396
Raw materials and outside services	(639,255)	(82.04)	(414,878)	(78.31)	(224,377)
Change in inventory of raw materials	2,974	0.38	(1,765)	(0.33)	4,739
Value added	142,934	18.34	113,176	21.36	29,758
Personnel costs	(97,827)	(12.55)	(74,666)	(14.09)	(23,161)
EBITDA	45,107	5.79	38,510	7.27	6,597
Depreciation and amortization	(18,094)	(2.32)	(17,473)	(3.30)	(621)
Provisions	(499)	(0.06)	(176)	(0.03)	(323)
EBIT	26,514	3.40	20,861	3.94	5,653
Net financial income	4,010	0.51	1,635	0.31	2,375
Other income (expense), net	(8,334)	(1.07)	(10,358)	(1.96)	2,024
Profit before taxes	22,190	2.85	12,138	2.29	10,052
Income taxes	(12,064)	(1.55)	2,776	0.52	(14,840)
Minority interest in net profit	19	-	-	-	-
Net profit	10,145	1.30	14,914	2.81	(4,769)

Net Financial Position (in thousands of euros)

	12/31/03	12/31/02	Change
Liquid assets	35,776	17,333	18,443
Fixed-income securities, net	57,704	88,905	(31,201)
Listed equity securities, net	14,559	11,656	2,903
Short-term bank borrowings	-	-	-
Net short-term liquid assets	108,039	117,894	(9,855)
Long-term bank debt	(2,112)	(1,457)	(654)
Net financial position	105,927	116,437	(10,509)

Balance Sheet (in thousands of euros)

	12/31/03	12/31/02	Change
A) Net non-current assets			
Net intangible assets	60,000	6,231	53,769
Net fixed assets	104,315	93,227	11,088
Net financial assets	8,559	3,352	5,207
	172,874	102,810	70,064
B) Working capital			
Inventory	86,227	68,583	17,644
Trade accounts receivable, net	71,360	45,082	26,278
Other assets	45,898	22,343	23,555
Trade accounts payable	(146,904)	(108,708)	(38,196)
Taxes payable	(14,584)	(13,475)	(1,109)
Other liabilities	(121,092)	(40,543)	(80,549)
	(79,095)	(26,718)	(52,377)
C) Net invested capital (A+B)	93,779	76,092	17,687
D) Reserve for termination indemnities	25,999	25,866	133
E) Net capital requirements (C-D)	67,780	50,226	17,554
F) Shareholders' equity			
Share capital	9,317	9,317	-
Reserves	154,245	142,432	11,813
Net profit for the year	10,145	14,914	(4,769)
	173,707	166,663	7,044
G) Net financial position			
Long-term debt	2,112	1,457	655
(Net liquid assets)	(108,039)	(117,894)	9,855
	(105,927)	(116,437)	10,510
H) Total as in E (F+G)	67,780	50,226	17,554