



Preliminary 2004 results and 2005 outlook

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, 2004.

The Pininfarina Group closed the 2004 fiscal year with results that were in line with expectations. Value of production totaled 595.6 million euros, or 23.6% less than the 779.2 million euros booked in 2003. This decrease is attributable to the scheduled completion of the Alfa Romeo and Peugeot production orders in 2004. The end of these contracts marked the beginning of a renewal of the manufacturing mix, with the Group busy finalizing contracts for new models that are scheduled to go into production during the second half of this year. At the same time, the data show a sharp increase, both in absolute terms and as a percentage of total revenues, in the contribution provided by the design and engineering operations. The value of production generated by these businesses totaled 151 million euros (102 million euros in 2003: +48%), accounting for 25% of the total value of production and confirming that the growth trend that started earlier in the year is continuing.

EBIT amounted to 15.5 million euros (26.5 million euros in 2003), equal to about 2.6% of the value of production (3.4% in 2003). The consolidated net financial position was positive by 16 million euros, compared with a positive balance of 105.9 million euros in 2003. The funding required to support the development of new products is the primary reason for this decrease.

TABELLA

An overview of the performance of the Group's various businesses is provided below: The manufacturing operations are in the process of renewing their order portfolio. The end of the Alfa Romeo and Peugeot manufacturing contracts mentioned above and a decrease in orders for other models (especially for the Ford Streetka, which is scheduled to go off production in 2005, together with the Mitsubishi models) produced a year-over-year decrease in business volume. Moreover, the data for 2003 had been swelled by the great success enjoyed by the Ford Streetka in the year of its launch.

In Uddevalla, Sweden, work is continuing on the development of prototypes for the new Volvo convertible that Pininfarina Sverige AB (a joint venture with Volvo Car Corporation in which Pininfarina has a 60% interest) will begin to build in the second half of 2005. The Group's Italian factories are setting up the production lines for the new Alfa Romeo Coupé and Spider models. Production is scheduled to start in the second half of 2005 for the Coupé and in the spring of 2006 for the Spider. In the coming months, work should also get under way on the assembly lines that will be used to produce new Mitsubishi and Ford models in 2006.

The design and engineering operations reported a significant increase in their value of production (+48%), with all businesses making a positive contribution. In the area of design and development, the activities carried out in connection with internal Group projects or on behalf of outside customers are beginning to generate sizable revenues and increasing profits. The expansion of the customer base in the key market of China and the steady integration of the Italian operations with those of Matra Automobile Engineering (which in 2004 completed its first full year in business) were the key developments driving the growth of the Group's service business. The design activities had a banner year in the area of motor vehicles, introducing the Ferrari 612 Scaglietti, the F430 and the Peugeot 1007.

The Group was especially proud to receive the Red Dot Design award, which recognizes the Design Team of the Year. Its product design operations also closed 2004 with sharp gains both in revenues and profits, signing a number of new contracts during the year. The agreement with Motorola, which calls for the design of more than 20 cellular telephones a year for the three years from 2004 to 2006, was especially significant.

The outlook for 2005 calls for the consolidated value of production to decrease by about 10% compared with the preliminary figure for 2004, due exclusively to the reduction in manufacturing output discussed above.



Over the intermediate term, once finished the present period of transition, as production of the new models reaches maximum capacity (expected in the second half of 2006) and the design and engineering operations continue to grow, the Group expects its value of production to rise sharply, passing the 1 billion euro mark as early as 2006.

A particularly noteworthy development that occurred last month was the completion of negotiations with Webasto A.G. on the sale of the interest held by Pininfarina S.p.A. in the 50-50 joint venture Open Air Systems GmbH. This transaction, which will generate a 22-million-euro gain in the 2005 income statement of the Group's Parent Company, reflects the decision of both parties to focus on their respective core businesses, while at the same time maintaining a close relationship in the manufacturing area. OASys will continue to be Pininfarina's exclusive supplier of engineering services for roof systems, and Pininfarina will continue to manufacture roof systems for OASys.

Some of the projects in which the Group will be involved in the near future will be presented at the Geneva Motor Show highlighting Pininfarina's 75th year in business. Cars that will be unveiled in Geneva include: a Maserati Concept Car that will provide a glimpse at Maserati's models of the future, combining exclusive design and racing genes with technological innovations that have been developed jointly with Motorola to create an automobile capable of interacting with its passengers; the Ferrari Superamerica, a limited edition car that will be the fastest convertible in the world; the AviChina (Hafei) Saibao, which is the fifth automobile created jointly with AviChina (Hafei), a Chinese company with which Pininfarina has been cooperating since 1996; and the Mitsubishi Colt Coupé-Cabriolet. Mitsubishi and Pininfarina will present the New Colt Coupé-Cabriolet concept car, which previews a model that was developed jointly by the two companies and that Pininfarina will begin to manufacture at its Turin facilities in the spring of 2006.