



## Quarterly Report of the Pininfarina Group

Cambiano (TO), May 13, 2011 – The Board of Directors of Pininfarina S.p.A., meeting today under the chairmanship of Paolo Pininfarina, approved the Report on the Group's Operations in the First Quarter of 2011.

The table below shows the consolidated operating and financial highlights at March 31, 2011 and provides a comparison with those for the first three months of 2010:

(Amounts in millions of euros)	1 <sup>st</sup> quarter 2011	1 <sup>st</sup> quarter 2010	Fin. statements at 12/31/10	Amount of change*
Value of production	13.4	57.9		-44.5
EBITDA	-4.0	-2.7		-1.3
EBIT	-6.3	-7.8		+1.5
Net profit (loss)	-6.5	-6.1		-0.4
Net financial position	-76.9	-38.2	-59.0	-17.9
Shareholders' equity	14.4	44.8	21.0	-6.6

\* The amount of change in the quarterly balance sheet data is computed against the amounts at December 31, 2010.

EBITDA represent the profit or loss from operations before depreciation, amortization, additions to provisions, writedowns and utilizations of provisions. EBIT represent the profit or loss from operations.

Pursuant to Article 154 *bis*, Section 2, of the Uniform Finance Code, Gianfranco Albertini, in his capacity as Corporate Accounting Documents Officer, declares that the accounting information provided in this press release is consistent with the information in the supporting documents and in the Company's books of accounts and other accounting records.

The most significant issues that arise from the comparison between the consolidated data for the first quarter of 2011 and those at March 31, 2010 are reviewed below:

- The sharp reduction in value of production is due primarily to the end of the automobile contract manufacturing activities, which were shut down in November 2010 but were still active in the first quarter of 2010. The Service Sector, consisting of the styling and engineering operations, increased its overall business volume, but the loss at the EBIT level was larger than in 2010.
- Following the cancellation of the joint venture agreements with Volvo Car Corporation regarding Pininfarina Sverige AB, the data for the first quarter of 2011 no longer include the income statement results of this subsidiary, which contributed 1.5 million euros to the consolidated net result at March 31, 2010.
- The Group's balance sheet and financial position at March 31, 2011 deteriorated compared with the first quarter of 2010, owing mainly to the terms of the Mitsubishi arbitration award, handed down in July 2010, which produced negative economic/financial effects amounting to 28.5 million euros. More specifically, consolidated shareholders' equity decreased from 44.8 million euros at March 31, 2010 to the current 14.4 million euros, while net financial debt grew from 38.2 million euros in the first quarter of 2010 to 76.9 million euros in same period this year. Compared with the data at December 31, 2010, shareholders' equity decreased by 6.6 million euros, due mainly to the loss for the period, and financial debt increased by 17.9 million euros, primarily as a result of changes in working capital.

The Group's staff decreased from 856 employees at March 31, 2010 to 826 employees currently.

### Performance of the Group's Business Sectors in the first three months of 2011

#### Operations Sector

Following the end of the automobile contract manufacturing activities in 2010, the "Manufacturing Sector" was renamed the "Operations Sector." In 2011, the Operations Sector included mainly activities involving the sale of spare parts for cars made in previous years, costs and revenues related to support activities and residual customer activities. Therefore, this change should be taken into account when making a comparison with the 2010 data.



The value of production totaled 2.2 million euros (47.6 million euros in 2010) and the Sector's EBIT, while negative by 4.4 million euros, improved compared with negative EBIT of 6.3 million euros at March 31, 2010.

### Service Sector

The value of production of this Sector, which includes the styling and engineering operations, amounted to 11.2 million euros, or 7.7% more than the amount reported at March 31, 2010 (10.4 million euros). Engineering services provided by the German subsidiaries account for most of this increase. The Sectors' EBIT were negative by 1.9 million euros, with the loss increasing by 0.4 million euros compared with March 31, 2010, when EBIT were negative by 1.5 million euros.

The financial highlights of Pininfarina S.p.A., the Group's Parent Company are provide below:

(Amounts in millions of euros)	1 <sup>st</sup> quarter 2011	1 <sup>st</sup> quarter 2010	Fin. statements at 12/31/10	Amount of change*
Value of production	7.0	53.0		-46.0
EBITDA	-5.0	-4.3		-0.7
EBIT	-7.0	-8.9		+1.9
Net profit (loss)	-7.1	-8.4		+1.3
Net financial position	-78.6	-38.1	-60.9	-17.7
Shareholders' equity	28.1	54.3	35.2	-7.1

\* The amount of change in the quarterly balance sheet data is computed against the amounts at December 31, 2010.

EBITDA represent the profit or loss from operations before depreciation, amortization, additions to provisions, writedowns and utilizations of provisions. EBIT represent the profit or loss from operations.

The Company had 532 employees at March 31, 2011, down from 612 employees a year earlier. The comments made when reviewing the consolidated data are substantially applicable to those of Pininfarina S.p.A.

### Information Required by the Consob Pursuant to Article 114, Section 5 of Legislative Decree No. 58/98

- 1) The net financial positions of the Pininfarina Group and Pininfarina S.p.A., with current and non-current components listed separately, are shown in the schedules annexed to this press release;
- 2) There were no past-due amounts (financial or related to tax or employee benefit liabilities) owed by the Pininfarina Group. No actions against the Group have been filed by creditors.
- 3) The transactions with related parties of the Pininfarina Group and Pininfarina S.p.A. are listed in the Annexes to this press release.
- 4) Insofar as the current year is concerned, compliance with the applicable covenants will be verified upon the publication of the consolidated financial statements at December 31, 2011. Presently, owing in part to the negative effects caused by the Mitsubishi arbitration award in 2010, the data at March 31, 2011 and projected data show non-compliance with the required financial parameters in 2011. With regard to this issue, the Company and the Lender Institutions are jointly pursuing a process to officially amend the terms of the existing agreement with regard to the income statement and balance sheet data upon which the financial covenants are based. The Lender Institutions, in keeping with the collaborative approach that has always guided their actions towards the Company, indicated their willingness to consider requests to amend the contractual stipulations. Based on these considerations, the Company is confident that it will be able to comply also in 2011 with the covenants of the current Rescheduling Agreement or, possibly, with those of an amended Agreement.
- 5) The implementation of the plan to restructure the indebtedness of Pininfarina S.p.A. is proceeding in accordance with the agreements currently in effect.



- 6) As for the progress made in implementing the Industrial Plan, nothing has changed compared with the situation described in the Report of the Board of Directors on the 2010 annual financial statements.

### **Significant Events Occurring After March 31, 2011**

On April 1, 2011, Pininfarina S.p.A. entered into an agreement with a company of the Cecom Group, Bolloré S.A. and Véhicules Electriques Pininfarina Bolloré S.A.S. (VEPB) involving the leasing of certain business operations until December 31, 2013. The abovementioned business operations include the Bairo Canavese plant with its equipment, employment contracts for 57 employees, the existing provision for termination indemnities applicable to these employees and some contracts for the supply of utilities. Over the duration of the agreement, Pininfarina will receive a consideration of 14 million euros.

On April 11, 2011, the Government's Legal Services Office served notice on the Company that it was appealing to the Supreme Court of Cassation a decision by which a higher-level tax commission fully upheld the Company's position in a dispute with the Internal Revenue Agency concerning VAT that started in 2006.

On April 12, 2011, the Internal Revenue Police, acting further to a tax audit launched in June 2010, served the Company with a Tax Audit Report, the main issues of which concerned the agreements executed on December 31, 2008 by Pininfarina S.p.A., its shareholder Pincar S.p.A. (now Pincar S.r.l) and the Lender institutions to recapitalize the Company and the tax treatment of these agreements with regard to some indirect taxes.

On April 27, 2011, Pininfarina S.p.A. sold to the Bolloré Group its interest in the 50-50 joint venture Véhicules Electriques Pininfarina Bolloré S.A.S. for a price of 10 million euros, which is substantially the same as the investment's carrying amount. In the second quarter of 2011, this transaction will generate a gain of about 9 million euros in the consolidated income statement, consistent with projections for the 2011 reporting year.

### **Business Outlook for the Balance of 2011 and Assessment of the Group's Viability as a Going Concern**

No change occurred compared with the situation described in the Report of the Board of Directors on the 2010 annual financial statements, which should be consulted for additional information.

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## RECLASSIFIED FINANCIAL STATEMENTS

The reclassified financial statements regroup differently the data presented in the financial statements required under current statutes, 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 terms “EBITDA” and “EBIT” used in the reclassified consolidated financial statements have the same meaning as the expressions “Profit (Loss) from operations before depreciation, amortization, additions to provisions, writedowns and utilizations of provisions” and “Profit (Loss) from operations” used in the IAS/IFRS financial statements.

**PININFARINA GROUP**
**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

(in thousands of euros)

	Data at				Change	Data at 2010
	1 <sup>st</sup> quart. 2011	%	1 <sup>st</sup> quart. 2010	%		
Net revenues	10,411	77.73	55,224	95.31	(44,813)	204,407
Changes in inventory of work in progress and finished goods	2,583	19.29	2,207	3.81	376	(1,133)
Other income and revenues	400	2.98	513	0.88	(113)	1,359
<b>Value of production</b>	<b>13,394</b>	<b>100.00</b>	<b>57,944</b>	<b>100.00</b>	<b>(44,550)</b>	<b>204,633</b>
Net gain (loss) on disposal of non-current assets	15	0.11	-	-	15	2,453
Raw materials and outside services (*)	(6,421)	(47.94)	(48,713)	(84.07)	42,292	(161,758)
Change in inventory of raw materials	(104)	(0.77)	1,715	2.96	(1,819)	(4,132)
<b>Value added</b>	<b>6,884</b>	<b>51.40</b>	<b>10,946</b>	<b>18.89</b>	<b>(4,062)</b>	<b>41,196</b>
Labor costs (**)	(10,879)	(81.22)	(13,693)	(23.63)	2,814	(47,455)
<b>EBITDA</b>	<b>(3,995)</b>	<b>(29.82)</b>	<b>(2,747)</b>	<b>(4.74)</b>	<b>(1,248)</b>	<b>(6,259)</b>
Depreciation and amortization	(1,462)	(10.92)	(3,713)	(6.41)	2,251	(12,389)
(Additions)/Utiliz. of provis. and (writedowns)	(824)	(6.15)	(1,354)	(2.34)	530	(1,350)
<b>EBIT</b>	<b>(6,281)</b>	<b>(46.90)</b>	<b>(7,814)</b>	<b>(13.49)</b>	<b>1,533</b>	<b>(19,998)</b>
Net financial income (expense)	(58)	(0.43)	593	1.03	(651)	676
Valuation of equity investments by the equity method	-	-	1,397	2.41	(1,397)	(12,895)
<b>Profit (Loss) before taxes</b>	<b>(6,339)</b>	<b>(47.33)</b>	<b>(5,824)</b>	<b>(10.05)</b>	<b>(515)</b>	<b>(32,217)</b>
Income taxes	(179)	(1.34)	(237)	(0.41)	58	(859)
<b>Net profit (loss)</b>	<b>(6,518)</b>	<b>(48.66)</b>	<b>(6,061)</b>	<b>(10.46)</b>	<b>(457)</b>	<b>(33,076)</b>

(\*) **Raw materials and outside services** is shown net of utilizations of the provisions for warranties and the provisions for risks amounting to 281,000 euros in 2010 and 459,000 euros in 2011.

(\*\*) **Labor costs** is shown net of the utilization of the provision for restructuring programs for 760,000 euros in 2010 and 612,000 euros in 2011.

**PININFARINA GROUP**

**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in thousands of euros)

	Data at			Data at
	3/31/11	12/31/10	Change	3/31/10
<b>Net non-current assets (A)</b>				
Net intangible assets	2,993	3,095	(102)	3,605
Net property, plant and equipment	71,909	73,190	(1,281)	81,171
Equity investments	29,729	30,862	(1,132)	42,115
<b>Total A</b>	<b>104,631</b>	<b>107,146</b>	<b>(2,515)</b>	<b>126,891</b>
<b>Working capital (B)</b>				
Inventory	3,779	1,419	2,360	11,322
Net trade receivables and other receivables	21,739	28,300	(6,561)	58,114
Assets held for sale	1,131	-	1,131	-
Deferred-tax assets	967	1,012	(45)	1,120
Trade accounts payable	(19,193)	(34,901)	15,708	(72,856)
Provisions for risks and charges	(6,420)	(7,214)	794	(19,062)
Other liabilities (*)	(6,850)	(6,662)	(188)	(12,680)
Liabilities attributable to assets held for sale	-	-	-	-
<b>Total B</b>	<b>(4,847)</b>	<b>(18,046)</b>	<b>13,199</b>	<b>(34,042)</b>
<b>Net invested capital (C=A+B)</b>	<b>99,784</b>	<b>89,100</b>	<b>10,684</b>	<b>92,849</b>
<b>Provision for termination indemnities (D)</b>	<b>8,500</b>	<b>9,121</b>	<b>(621)</b>	<b>9,877</b>
<b>Net capital requirements (E=C-D)</b>	<b>91,284</b>	<b>79,979</b>	<b>11,305</b>	<b>82,972</b>
<b>Shareholders' equity (F)</b>	<b>14,422</b>	<b>21,004</b>	<b>(6,582)</b>	<b>44,812</b>
<b>Net financial position (G)</b>				
Long-term debt	184,558	173,036	11,522	77,165
(Net liquid assets)/Net borrowings	(107,696)	(114,061)	6,365	(39,005)
<b>Total G</b>	<b>76,862</b>	<b>58,975</b>	<b>17,887</b>	<b>38,160</b>
<b>Total as in E (H=F+G)</b>	<b>91,284</b>	<b>79,979</b>	<b>11,305</b>	<b>82,972</b>

(\*) **Other liabilities** includes the following balance sheet items: Deferred taxes, Other payables, Provision for current taxes and Sundry liabilities.

**PININFARINA GROUP**
**CONSOLIDATED NET FINANCIAL POSITION**

(in thousands of euros)

	Data at			Data at
	3/31/11	12/31/10	Change	3/31/10
Cash and cash equivalents	75,788	86,374	(10,586)	48,674
Current assets held for trading	51,749	47,832	3,917	49,014
Current loans receivable and other receivables	11,292	10,988	304	28,568
Loans receivable from related parties and joint ventures	17,904	17,904	-	17,904
Due to banks for overdraft facilities	(26,000)	(26,000)	-	(28,718)
Current liabilities under finance leases	(12,200)	(12,200)	-	(48,393)
Current portion of long-term bank debt	(10,837)	(10,837)	-	(28,044)
<b>Net liquid assets/(Net borrowings)</b>	<b>107,696</b>	<b>114,061</b>	<b>(6,365)</b>	<b>39,005</b>
Long-term loans and other receivables from outsiders	-	11,292	(11,292)	59,024
Long-term loans and other receivables from related parties and joint ventures	9,113	8,952	161	27,097
Held-to-maturity non-current assets	257	257	-	257
Non-current liabilities under finance leases	(116,546)	(116,131)	(415)	(92,160)
Long-term bank debt	(77,382)	(77,406)	24	(71,383)
<b>Net long-term debt</b>	<b>(184,558)</b>	<b>(173,036)</b>	<b>(11,522)</b>	<b>(77,165)</b>
<b>NET FINANCIAL POSITION</b>	<b>(76,862)</b>	<b>(58,975)</b>	<b>(17,887)</b>	<b>(38,160)</b>

**PININFARINA S.p.A.**
**NET FINANCIAL POSITION**

(in thousands of euros)

	Data at			Data at
	3/31/11	12/31/10	Change	3/31/10
Cash and cash equivalents	70,604	80,628	(10,024)	44,367
Current assets held for trading	51,067	47,317	3,750	48,597
Current loans receivable and other receivables	11,292	10,988	304	28,568
Loans receivable from related parties and joint ventures	17,904	17,904	-	17,904
Due to banks for overdraft facilities	(26,000)	(26,000)	-	(28,718)
Current liabilities under finance leases	(12,200)	(12,200)	-	(48,393)
Loans payable to related parties and joint ventures	(243)	(243)	-	(203)
Current portion of long-term bank debt	(10,837)	(10,837)	-	(28,044)
<b>Net liquid assets/(Net borrowings)</b>	<b>101,587</b>	<b>107,557</b>	<b>(5,970)</b>	<b>34,078</b>
Long-term loans and other receivables from outsiders	-	11,292	(11,292)	59,024
Long-term loans and other receivables from related parties and joint ventures	13,222	13,099	123	31,594
Held-to-maturity non-current assets	-	-	-	-
Non-current liabilities under finance leases	(116,546)	(116,131)	(415)	(92,160)
Long-term bank debt	(76,882)	(76,756)	(126)	(70,633)
<b>Net long-term debt</b>	<b>(180,206)</b>	<b>(168,496)</b>	<b>(11,710)</b>	<b>(72,175)</b>
<b>NET FINANCIAL POSITION</b>	<b>(78,619)</b>	<b>(60,939)</b>	<b>(17,680)</b>	<b>(38,097)</b>





### Transactions with related Parties of the Pininfarina Group at March 31, 2011

Transactions with related parties and intra-Group transactions were neither atypical nor unusual and were conducted in the normal course of business by the companies of the Group.

These transactions were carried out on market terms, consistent with the nature of the goods exchanged or the services provided.

	Commercial		Financial		Operating		Financial	
	Receivables	Payables	Receivables	Payables	Revenues	Costs	Income	Expense
Pininfarina Sverige AB	1,344,748	28,397	27,017,220	-	249,353	25,292	137,901	-
<b>Total</b>	<b>1,344,748</b>	<b>28,397</b>	<b>27,017,220</b>	<b>-</b>	<b>249,353</b>	<b>25,292</b>	<b>137,901</b>	<b>-</b>

### Transactions with related Parties of Pininfarina S.p.A. at March 31, 2011

	Commercial		Financial		Operating		Financial	
	Receivables	Payables	Receivables	Payables	Revenues	Costs	Income	Expense
Pininfarina Extra S.r.l.	41,190	15,639	294,458	242,706	91,248	13,336	-	-
Pininfarina Deutschland GmbH	-	-	1,014,124	-	-	-	5,580	-
mxp Entwicklung GmbH Munich	66,000	-	2,800,000	-	71,000	-	16,667	-
mxp Entwicklung GmbH Leonberg	10,600	-	-	-	10,600	-	-	-
Pininfarina Sverige AB	1,344,748	28,397	27,017,220	-	247,253	25,292	137,901	-
Véhicules Electriques Pininfarina Bolloré SAS	-	-	-	-	-	-	-	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	69,155	-	-	-	69,155	-	-	-
Pininfarina Maroc SAS	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,531,693</b>	<b>44,036</b>	<b>31,125,802</b>	<b>242,706</b>	<b>489,256</b>	<b>38,627</b>	<b>160,148</b>	<b>-</b>

### Compensation of Directors, Statutory Auditors and Executives with Strategic Responsibilities

The table below lists the compensation owed to Directors and Statutory Auditors of Pininfarina S.p.A. for their services:

(in thousands of euros)	<u>1<sup>st</sup> quarter 2011</u>	<u>1<sup>st</sup> quarter 2010</u>
Directors	209	155
Statutory Auditors	24	24
<b>Total compensation</b>	<b>233</b>	<b>179</b>

The total cost incurred in the first three months of 2011 for the compensation paid to executives of Pininfarina S.p.A. with strategic responsibilities amounted to about 0.5 million euros.

### Other Related Parties

In addition to the amounts reported in the table above, transactions with other related parties requiring disclosure included legal consulting services provided to Pininfarina S.p.A. by Studio Professionale Pavesio e Associati, related to the Director Carlo Pavesio, for a total amount of 14,133 euros, and commercial consulting services provided by Pantheon Italia S.r.l., related to the Director Roberto Testore, for a total amount of 15,814 euros.