



## Quarterly report and Annual Shareholders' meeting of Pininfarina S.p.a.

Friday, 12 May 2006

Turin – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Sergio Pininfarina and approved the report on operations of the Group in the first three months of 2006.

The quarterly financial statements at March 31, 2006 were prepared in accordance with the international accounting principles set forth in IAS 34 and comply with IFRS guidelines. In order to allow the comparison of homogeneous data, the financial statements for the first three months of 2005 have been restated in accordance with the same principles.

In the first quarter of 2006, the Pininfarina Group was busy on two fronts. On the manufacturing side, it ramped up production of two new models (the Alfa Romeo Brera and the Volvo C70). Meanwhile, its service business continued to develop both future Pininfarina products and design and engineering projects for third parties.

At March 31, 2006, value of production totaled 134.4 million euros, or 34.9% more than in the same period in 2005 (99.6 million euros). Despite this sharp increase in revenues, the Group still reported a loss both at the operating level (-11.4 million euros, +21.6 million euros at March 31, 2005) and in terms of its bottom line (-8.1 million euros, +22 million euros at March 31, 2005). These results are roughly in line with the forecast provided for 2006, which called for a breakeven year, but only after the Group's activities begin to operate at full capacity in the second half of the year.

If one is to view the 2006 and 2005 quarterly figures in a similar light, it is important to keep in mind that the data for 2005:

benefited from a gain of 30.2 million euros on the sale of the investment in the Open Air Systems GmbH joint venture;  
reflected a cost structure that, while the number of units manufactured was declining as the various models were reaching the end of their production runs (Ford Streetka and Mitsubishi Pajero Pinin), was certainly less penalizing than the situation that existed in the first quarter of 2006, when the Group was stepping up production of the Alfa Romeo Brera, Mitsubishi Colt CZC and Volvo C70 and preparing to start manufacturing the Alfa Romeo Spider and Ford Focus CC.

The net financial position was positive by 26.7 million euros, an improvement over the negative balance of 6.9 million euros at December 31, 2005 (+36 million euros at March 31, 2005). An increase in liquidity made possible by changes in working capital requirements and a positive difference between production loans receivable and payable are the main reasons for this improvement.

At March 31, 2006, the Group had 2,738 employees (4.6% more than the 2,618 employees on staff at March 31, 2005). Another 702 were employed by Sverige A.B., Pininfarina's Swedish joint venture.

A review of the data by business segment shows that the manufacturing operations generated total value of production of 97.4 million euros (+72.4%, compared with 56.5 million euros in 2005). This increase is explained by the following factors:

higher unit output (+8.3%);  
expanded processing assignment due to a change in the production cycle;  
greater unit value of the products manufactured this year as compared with those manufactured in 2005.

EBIT were negative by 12.1 million euros, compared with positive EBIT of 22.8 million euros at March 31, 2005 (which included a gain of 30.2 million euros on the sale of the investment in Open Air Systems GmbH).



In the coming weeks, the Alfa Romeo Spider will join other recently introduced models on the production line. Manufacture of the Ford Focus CC will follow in the second half of the year, completing the line of products that the Group will be manufacturing in the coming years. The rehiring of employees who were enrolled in the Special Government Layoff Benefits Fund has been virtually completed. To meet the temporary staffing requirements that occur when model production is being ramped up, the Group signed an agreement allowing it to use employees seconded from other businesses (more than 400 employees for all of 2006).

The value of production generated by the Group's service businesses, which include design, industrial design and engineering, amounted to 37 million euros, or 14.2% less than at March 31, 2005, when it amounted to 43.1 million euros. A decrease in development work for Pininfarina products accounts for the shortfall. On the other hand, assignments for non-captive customers increased, allowing the improvement in profitability that started in the second half of 2005 to continue in the first quarter of 2006. Specifically, the EBIT of the service business were positive by 0.6 million euros, compared with negative EBIT of 1.2 million euros at March 31, 2005.

**Forecasts for the balance of the year call for consolidated value of production to top 700 million euros. The increase over the 2005 figure (383 million euros) will be realized mainly once the full new product line is in place.**

**For all of 2006, EBIT should be close to breakeven, with the profitability of the Group's regular operations increasing sufficiently in the second half of the year to offset the losses incurred during the first six months of 2006. The net financial position should contract compared with the first three months of the year, reflecting the completion of the Group's capital investment programs.**

The early positive feedback that is coming from the international markets strengthens the conviction that the new models, which have required an unprecedented manufacturing and financial effort, will be successful commercially. Specifically:

The commercial launch of the Volvo C70 (more than 3,600 cars produced thus far) in March in the United States and Great Britain, and in Italy and the rest of Europe a few days ago, points to greater demand than was originally anticipated;

The Mitsubishi Colt CZC (over 1,000 units manufactured thus far) seems headed for commercial success. Following its pan-European launch in March and even before the launch of the Open Doors, which is scheduled for June in Europe, orders have been very strong, especially in Germany;

The award received by the Alfa Romeo Spider, which was voted Cabrio of the Year at the Geneva Motor Show, bodes well for its future on the eve of the start of production. The Spider will complement the Alfa Romeo Brera (more than 6,000 units sold thus far);

Lastly, the Ford sales network has steadily growing expectations of success for the Focus CC, which, after being previewed in Geneva, will be officially introduced to the public at the London Motor Show in July.



**CONSOLIDATED FINANCIAL STATEMENTS OF THE PININFARINA GROUP**  
**Reclassified Consolidated Income Statement (in thousands of euros)**

	Data at				Change	Data at
	3/31/06	%	3/31/05	%		
Net revenues	103,009	76.63	57,430	57.66	45,579	461,426
Changes in inventory of work in process and finished products	30,375	22.60	40,083	40.24	(9,708)	(85,206)
Other income and revenues	722	0.54	2,088	2.10	(1,366)	5,391
Increase in non-current assets constructed internally	310	0.23	0	0.00	310	1,1419
<b>Value of production for the period</b>	<b>134,416</b>	<b>100.00</b>	<b>99,601</b>	<b>100.00</b>	<b>34,815</b>	<b>383,030</b>
Net gain on the sale of non-current assets	65	0.05	30,236	30.36	(30,171)	32,443
Purchases of raw materials and outside services	(126,158)	(93.86)	(70,337)	(68.49)	(55,821)	(296,307)
Change in inventory of raw materials	15,454	11.50	(7,337)	(7.37)	22,791	(5,794)
<b>Value added</b>	<b>23,777</b>	<b>17.69</b>	<b>52,163</b>	<b>54.50</b>	<b>(28,386)</b>	<b>113,372</b>
Personnel costs	(31,178)	(23.19)	(26,405)	(26.51)	(4,773)	(102,906)
<b>EBITDA</b>	<b>(7,401)</b>	<b>(5.51)</b>	<b>25,758</b>	<b>27.99</b>	<b>(33,159)</b>	<b>10,466</b>
Depreciation and amortization	(3,992)	(2.97)	(3,889)	(3.90)	(103)	(16,373)
Provisions	(38)	(0.03)	(252)	(2.38)	214	(2,374)
<b>EBIT</b>	<b>(11,431)</b>	<b>(8.50)</b>	<b>21,617</b>	<b>21.70</b>	<b>(33,048)</b>	<b>(8,281)</b>
Net financial income	1,060	0.79	1,342	1.35	(282)	1,370
Other income (expense), net	(181)	(0.13)	(1,754)	(1.76)	1,573	(2,590)
<b>Profit before taxes</b>	<b>(10,552)</b>	<b>(7.85)</b>	<b>21,205</b>	<b>21.29</b>	<b>(31,757)</b>	<b>(9,501)</b>
Income taxes	2,458	1.83	753	0.76	1,705	1,398
<b>Net (profit) loss</b>	<b>(8,094)</b>	<b>(6.02)</b>	<b>21,958</b>	<b>22.05</b>	<b>(30,052)</b>	<b>(8,103)</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF THE PININFARINA GROUP**  
**Reclassified Consolidated Balance Sheet (in thousands of euros)**

	Data at		Change	Data at
	3/31/06	12/31/05		3/31/05
<b>Net non-current assets (A)</b>				
Intangible assets	6,202	6,284	(82)	6,185
Property, plant and equipment	208,514	203,057	5,457	183,929
Non-current financial assets	34,295	34,592	(297)	1,218
<b>Total A</b>	<b>249,011</b>	<b>243,933</b>	<b>5,078</b>	<b>191,332</b>
<b>Working capital (B)</b>				
Inventory	67,918	32,358	35,560	68,004
Net trade receivables and other receivables	106,972	122,455	(15,483)	97,933
Deferred-tax assets	27,802	20,927	6,875	18,751
Trade payables	(197,366)	(129,079)	(68,287)	(106,665)
Provision for other liabilities and charges	(2,795)	(2,728)	(67)	(4,276)
Other liabilities	(64,888)	(63,706)	(1,182)	(57,218)
<b>Total B</b>	<b>(62,357)</b>	<b>(19,773)</b>	<b>(42,584)</b>	<b>16,529</b>
<b>Net invested capital (C=A+B)</b>	<b>186,654</b>	<b>224,160</b>	<b>(37,506)</b>	<b>207,861</b>
<b>Provision for termination indemnities (D)</b>	<b>29,298</b>	<b>28,709</b>	<b>589</b>	<b>26,337</b>
<b>Net capital requirements (E=C-D)</b>	<b>157,356</b>	<b>195,451</b>	<b>(38,095)</b>	<b>181,524</b>
<b>Shareholders' equity (F)</b>	<b>184,069</b>	<b>188,557</b>	<b>(4,488)</b>	<b>217,543</b>
<b>Net financial position (G)</b>				
Long-term debt	72,806	96,146	(23,340)	51,094
(Net liquid assets)	(99,519)	(89,252)	(10,267)	(87,113)
<b>Total G</b>	<b>(26,713)</b>	<b>6,894</b>	<b>(33,607)</b>	<b>(36,019)</b>
<b>Total as in E (H=F+G)</b>	<b>157,356</b>	<b>195,451</b>	<b>(38,095)</b>	<b>181,524</b>