



## Quarterly report and annual shareholders' meeting of Pininfarina s.p.a.

Tuesday, 10 May 2005

**Dividend unchanged at 0.34 euros per share progress report on the preparations to adopt the IAS/IFRS principles.**

Turin – The Board of Directors of Pininfarina S.p.A. met today under then chairmanship of Sergio Pininfarina and approved the report on the Group's operations in the first quarter of 2005.

Production value decreased by 31.2% compared with the first quarter of 2004. This decline in business volume, which was fully expected, was caused by the renewal of the Group's portfolio of production orders. The change in the manufacturing mix started when work on the Alfa Romeo and Peugeot orders came to an end in the second half of 2004. The order for Mitsubishi was completed in April 2005, and production of a Ford model is expected to end in July of this year. During the last four months of 2005, production is scheduled to start on two new models: the Brera coupé for Alfa Romeo and a convertible for Volvo, which will be manufactured in Sweden. Production of the Alfa Romeo spider and of convertibles for Ford and Mitsubishi is set to begin in 2006.

The contribution of the design and engineering operations is increasing steadily, confirming that the trend that characterized all of 2004 is continuing. In the first quarter of 2005, these operations accounted for 53.7% of consolidated production value (27.6% last year), offsetting a lower contribution from the manufacturing operations. Compared with first quarter of 2004, the Group's service operations have grown by 33.7%.

Consolidated Financial Highlights (in millions of euros):

	First Quarter of 2005	First Quarter of 2004
Production value	108.1	157.1
EBIT	(4.4)	3.3
Net profit	23.2	1.7
Net financial position	(10.5)	65.9

Even though production value decreased, personnel costs were virtually unchanged compared with the first three months of 2004. This is because the savings generated by enrolling some of the production staff in the Layoff Benefits Fund were offset by new hiring by the service operations (their staff grew by 4.7%, increasing from 2,500 employees at March 31, 2004 to 2,618 employees as of the end of the first quarter of 2005).

This staff expansion will support the growth that all Group operations are expected to experience in the coming years. Since the amount charged for depreciation, amortization and provisions was the same as in the first three months of 2004, EBIT for the first quarter of 2005 were lower than in the same period last year. On the other hand, profit before taxes and net profit were sharply higher (about eight times and thirteen times larger, respectively, than the corresponding amounts in 2004), due mainly to the gain earned on the sale of the Group's 50% interest in Open Air Systems GmbH (29.6 million euros).

The disposal of the investment in this joint venture was previously announced in the press release that discussed the 2004 preliminary results. The net financial position was negative by 10.5 million euros, compared with a positive balance of 16 million euros at December 31, 2004. The need to finance the development of new manufacturing orders accounts for this change.



Several significant events occurred during the first quarter of 2005. At the Geneva Motor Show, the Group offered a world preview of the Birdcage 75th, a tribute to the Maserati of the future that was developed in cooperation with Motorola to celebrate Pininfarina's 75th birthday. The Birdcage received the Editors' Choice Award for Best Concept Car from Autoweek, a U.S. magazine.

Matra Automobile Engineering S.A.S., a Group subsidiary, opened an engineering center in Casablanca. The center currently employs 40 young Moroccan engineers, and the staff is expected to increase to 80 employees by 2006. This investment is consistent with the Group's strategy of growing its automobile business. Pininfarina opened an office in China with the goal of helping the Group become firmly established in the Chinese market while achieving better coordination with local suppliers and directly monitoring the production startup of the projects it develops. In April, in an effort to underscore the leading role it has been playing in supplying Chinese carmakers with design and engineering services, Pininfarina took advantage of the Shanghai Motor Show to unveil the CHERY M14 concept car, which was named Best New Car. This model is the first example of the close collaboration established with Chery Automobile. Other products unveiled at the same show included the Brilliance Splendor and Avichina-Hafei Saibao sedans.

The Group's manufacturing operations are expected to reach full production capacity in 2006. Of the five new models that are currently being developed, manufacturing of the first two (the Alfa Romeo Brera and Volvo convertible) will not start ramping up until sometime in the last four months of this year, with production of the other three (the Alfa Romeo spider and Ford and Mitsubishi convertibles) scheduled to start in the first half of 2006. Because of the timing of the production schedule and the resulting cost structure, this year's value of production is expected to decrease by 10% compared with 2004, causing the Group to report negative EBIT. On the other hand, once the manufacturing operations complete this transition phase (while the design and engineering activities continue to enjoy steady growth), production value should rise past the one-billion-euro mark, starting in 2006.

The year-end net financial position is expected to deteriorate compared with the first quarter. The start of new-model production between the second half of 2005 and the first six months of 2006 will enable the Group to rehire all of the employees who are currently enrolled in the Government Layoff Benefits Fund. Also later this year, the Swedish subsidiaries, Pininfarina Sverige A.B and RHTU Sverige A.B., will begin production of a new Volvo convertible. As a result, they will hire about 700 new employees, increasing the Group's total staff to about 3,300 employees. Ordinary Shareholders' Meeting

The shareholders of Pininfarina S.p.A., convened today at 10:30 AM for an Ordinary Meeting, met under the chairmanship of Sergio Pininfarina and approved the 2004 Annual Report.

The Group's performance in 2004 was in line with expectations. The financial statements show that the value of production totaled 601.8 million euros (779.2 million euros in 2003). The two developments that shaped the Group's operating results in 2004 were a decrease of 22.8% in the value of production and a rise in the percentage of total revenues contributed by the design and engineering operations. EBIT totaled 18.7 million euros (26.5 million euros in 2003), an amount equal to 3.1% 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 at December 31, 2003. The funding required to support the development of new products is the primary reason for this decrease.



Consolidated Financial Highlights:

(in millions of euros)	2004	2003	% change
Value of production	601.8	779.2	-22.8
EBIT	18.7	26.5	-29.4
Net income	3.3	10.1	-67.3
Net financial position	16.0	105.9	-84.9
Number of employees at 12/31	2,585	2,486	+99

The manufacturing operations are in the process of renewing their order portfolio. The end of the Alfa Romeo and Peugeot manufacturing contracts 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.

New developments in 2004 included the signing of the final contract for the styling, development and production of future convertible models for Ford and Mitsubishi. These orders and the contracts for Alfa Romeo and Volvo models will constitute the Group's production mix for the next few years. The design and engineering operations grew at a very rapid pace in 2004, increasing the value of production in absolute terms (up 52% to 155 million euros, compared with 102 million euros in 2003) and improving to 26% their contribution to the consolidated total. This positive performance clearly shows that the trend of rising sales and profits that started the previous year is continuing.

The design operations had a banner year in the area of motor vehicles, introducing the Ferrari 612 Scaglietti and 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.

The Group's product design operations also closed 2004 with sharp gains both in revenues and profits, signing a number of new contracts. 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 comments on the consolidated data apply to those of Pininfarina S.p.A., the Group's Parent Company, as well. The table below shows the financial highlights of 2004 and provides a comparison with the previous year:

(in millions of euros)	2004	2003*	% change
Value of production	547.3	757.3	-27.7
EBIT	18.5	27.7	-33.2
Net income	13.8	16.3	-15.3
Net financial position	104.3	102.0	+2.3
Number of employees at 12/31	2,090	2,089	+1

\* Due to the merger by absorption of Industrie Pininfarina S.p.A. and Pininfarina Ricerca e Sviluppo S.p.A. into Pininfarina S.p.A., the Group's Parent Company, on January 1, 2004, the data for 2003 have been restated to make them comparable with those for 2004.



Significant events that occurred after the end of the year include 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.

The Shareholders' Meeting approved the financial statements of Pininfarina S.p.A. at December 31, 2004 and adopted resolutions authorizing the following:

Distribution of a dividend of the same amount as in 2004, i.e., 0.34 euros on each of the 9,317,000 ordinary shares that comprise the Company's share capital, for a ratio of distributed earnings to total earnings of 22.9%. Coupon No. 5 must be presented on May 23, 2005. The dividend will be payable on May 26, 2005. Purchases of treasury shares, up to a maximum of 400,000 common shares, which may be used for share exchange purposes. Not more than 250,000 of the abovementioned shares may be used in connection with the 2002-2004 and 2005-2007 stock option plans available to executives of Pininfarina S.p.A. and its Italian subsidiaries. The authorization to buy the treasury shares, either through a single purchase or in installments, will be valid for 18 months from the date of the resolution. The price paid may not be less than 15% below or more than 15% above the share closing price on the stock market on the day prior to the purchase. The Shareholders' Meeting also authorized the sale, at any time and either through a single sale or in installments, of any of the treasury shares currently held and of those acquired in accordance with the foregoing resolution. The selling price may not be less than 10% below the share closing price on the stock market on the day prior to the sale. However, if the shares are used for the purposes of stock option plans, the selling price may not be less than the value of the shares at the time the options were offered, determined in accordance with the applicable provisions of the tax law. Currently, Pininfarina S.p.A. holds 134,498 common shares, equal to 1.44% of its share capital.

As for the issues related to the adoption of the IAS/IFRS, the process of identifying and quantifying the main differences between the Italian accounting principles and the new international principles that must be applied to the preparation of consolidated financial statements has been completed. A special team that includes representatives of the independent auditors will handle the transition. The main accounting issues and their impact on the Group's information system have also been identified. The work is now focused on how to resolve implementation problems and verify compliance with the new international principles. The IAS/IFRS principles will be applied starting with the Semiannual Report on Operations at June 30, 2005. With regard to the nonrecurring audit work required by the transition to the IAS/IFRS principles, PricewaterhouseCoopers S.p.A. has been retained to audit the opening balance sheet at January 1, 2004 and perform a limited audit of comparative consolidated data at June 30, 2004 that will be used in the Semiannual Report on Operations at June 30, 2005.

**Consolidated Financial Statements of the Pininfarina Group  
at December 31, 2004  
Profit and Loss Account**

(in thousands of euros)

	12/31/04	%	12/31/03	%	Change
<i>Net revenues</i>	507,566	84.35	688,549	88.36	(180,983)
<i>Changes in inventory of work in process and finished products</i>	5,744	0.95	14,337	1.84	(8,593)



Other income and revenues	36,730	6.10	27,572	3.54	9,158
Increase in fixed assets					
constructed internally	51,729	8.60	48,757	6.26	2,972
<b>Value of production</b>					
<b>for the period</b>	<b>601,769</b>	<b>100.00</b>	<b>779,215</b>	<b>100.00</b>	<b>(177,446)</b>
Purchases of raw materials					
and outside services	(455,070)	(75.62)	(639,255)	(82.04)	184,185
Change in inventory					
of raw materials	(8,188)	(1.36)	2,974	0.38	(11,162)
<b>Value added</b>	<b>138,511</b>	<b>23.02</b>	<b>142,934</b>	<b>18.34</b>	<b>(4,423)</b>
Personnel costs	(100,219)	(16.65)	(97,827)	(12.55)	(2,392)
<b>EBITDA</b>	<b>38,292</b>	<b>6.36</b>	<b>45,107</b>	<b>5.79</b>	<b>(6,815)</b>
Depreciation and amortization	(18,148)	(3.02)	(18,094)	(2.32)	(54)
Provisions	(1,407)	(0.23)	(499)	(0.06)	(908)
<b>EBIT</b>	<b>18,737</b>	<b>3.11</b>	<b>26,514</b>	<b>3.40</b>	<b>(7,777)</b>
Net financial income	1,789	0.30	4,010	0.51	(2,221)
Other income (expense), net	(8,256)	(1.37)	(8,334)	(1.07)	78
<b>Profit before taxes</b>	<b>12,270</b>	<b>2.04</b>	<b>22,190</b>	<b>2.85</b>	<b>(9,920)</b>
Income taxes	(8,597)	(1.43)	(12,064)	(1.55)	3,467
Minority interest in net (profit) loss	(415)	(0.07)	19	-	(434)
<b>Net profit</b>	<b>3,258</b>	<b>0.54</b>	<b>10,145</b>	<b>1.30</b>	<b>(6,887)</b>



**Consolidated Financial Statements of the Pininfarina Group  
at December 31, 2004  
Balance Sheet**

(in thousands of euros)

	12/31/04	12/31/03	Change
<b>A) Net non-current assets</b>			
Net intangible assets	107,895	60,000	47,895
Net fixed assets	116,701	104,315	12,386
Net financial assets	3,215	8,559	(5,344)
<b>Total A</b>	<b>227,811</b>	<b>172,874</b>	<b>54,937</b>
<b>B) Working capital</b>			
Inventory	83,558	86,227	(2,669)
Trade accounts receivable, net	47,089	71,360	(24,271)
Other assets	44,191	45,898	(1,707)
Trade accounts payable	(123,024)	(146,904)	23,880
Taxes payable	(18,130)	(14,584)	(3,546)
Other liabilities	(75,930)	(121,092)	45,162
<b>Total B</b>	<b>(42,246)</b>	<b>(79,095)</b>	<b>36,849</b>
<b>C) Net invested capital (A+B)</b>	<b>185,565</b>	<b>93,779</b>	<b>91,786</b>
<b>D) Reserve for termination indemnities</b>	<b>27,611</b>	<b>25,999</b>	<b>1,612</b>
<b>E) Net capital requirements (C-D)</b>	<b>157,954</b>	<b>67,780</b>	<b>90,174</b>
<b>F) Shareholders' equity</b>			
Share capital	9,317	9,317	-
Reserves	161,331	154,245	7,086
Net profit for the year	3,258	10,145	(6,887)
<b>Total F</b>	<b>173,906</b>	<b>173,707</b>	<b>199</b>
<b>G) Net financial position</b>			
Long-term debt	120,543	2,112	118,431
Net liquid assets	(136,495)	(108,039)	(28,456)
<b>Total G</b>	<b>(15,952)</b>	<b>(105,927)</b>	<b>89,975</b>
<b>H) Total as in E (F+G)</b>	<b>157,954</b>	<b>67,780</b>	<b>90,174</b>



**Consolidated Financial Statements of the Pininfarina Group  
at December 31, 2004  
Statement of Cash Flow**

(in thousands of euros)

	12/31/04	12/31/03	Change
<b>A. Net liquid assets at January 1</b>	<b>108,039</b>	<b>117,894</b>	<b>(9,855)</b>
<b>B. Cash flow from operating activities</b>			
Net profit (loss) for the year	3,258	10,145	(6,887)
Depreciation and amortization	18,148	18,094	54
(Gains) Losses on sale of non-current assets	(875)	(325)	(550)
Change in working capital	(36,849)	3,833	(40,682)
Net change in reserve for termination indemnities	1,612	133	1,479
Other changes	1,307	368	939
<b>Total B</b>	<b>(13,399)</b>	<b>32,248</b>	<b>(45,647)</b>
<b>C. Cash flow from investing activities</b>			
Investments in fixed and intangible assets	(73,214)	(37,690)	(35,524)
Investments in financial fixed assets	(1,947)	(5,207)	3,260
Proceeds from sale or redemption value of non-current assets	1,709	3,915	(2,206)
<b>Total C</b>	<b>(73,452)</b>	<b>(38,982)</b>	<b>(34,470)</b>
<b>D. Cash flow from financing activities</b>	<b>118,431</b>	-	<b>118,431</b>
<b>E. Distribution of net profit</b>	<b>(3,124)</b>	<b>(3,121)</b>	<b>(3)</b>
<b>F. Net cash flow for the period (B+C+D+E)</b>	<b>28,456</b>	<b>(9,855)</b>	<b>38,311</b>
<b>G. Net liquid assets at December 31 (A+F)</b>	<b>136,495</b>	<b>108,039</b>	<b>28,456</b>

**Financial Statements of Pininfarina S.p.A. at December 31, 2004  
Profit and Loss Account**

(in thousands of euros)

	12/31/04	%	12/31/03	%	Change
<b>Net revenues</b>	<b>454,046</b>	<b>82.96</b>	<b>664,676</b>	<b>87.77</b>	<b>(210,630)</b>
Changes in inventory of work in process and finished products	59,446	10.86	65,894	8.70	(6,448)
Other income and revenues	33,832	6.18	26,737	3.53	7,095





<b>Value of production</b>					
<b>for the period</b>	<b>547,324</b>	<b>100.00</b>	<b>757,307</b>	<b>100.00</b>	<b>(209,983)</b>
Purchases of raw materials					
and outside services	(434,304)	(79.35)	(630,776)	(83.29)	196,472
Change in inventory of raw, ancillary					
and consumable materials and goods	(8,191)	(1.50)	2,986	0.39	(11,177)
<b>Value added</b>	<b>104,829</b>	<b>19.15</b>	<b>129,517</b>	<b>17.10</b>	<b>(24,688)</b>
Personnel costs	(71,320)	(13.03)	(85,625)	(11.31)	14,305
<b>EBITDA</b>	<b>33,509</b>	<b>6.12</b>	<b>43,892</b>	<b>5.80</b>	<b>(10,383)</b>
Depreciation and amortization	(14,794)	(2.70)	(15,734)	(2.08)	940
Provisions	(225)	(0.04)	(451)	(0.06)	226
<b>EBIT</b>	<b>18,490</b>	<b>3.38</b>	<b>27,707</b>	<b>3.66</b>	<b>(9,217)</b>
Net financial income	2,696	0.49	4,991	0.66	(2,295)
Adjustments to the value of financial assets	(257)	(0.05)	(391)	(0.05)	134
Other income (expense), net	6,005	1.10	(19)	(0.00)	6,024
<b>Profit before taxes</b>	<b>26,934</b>	<b>4.92</b>	<b>32,288</b>	<b>4.26</b>	<b>(5,354)</b>
Income taxes	(13,102)	(2.39)	(15,987)	(2.11)	2,885
<b>Net profit</b>	<b>13,832</b>	<b>2.53</b>	<b>16,301</b>	<b>2.15</b>	<b>(2,469)</b>

**Financial Statements of Pininfarina S.p.A. at December 31, 2004**  
**Balance Sheet**





(in thousands of euros)

	12/31/04	12/31/03	Change
<b>A) Net non-current assets</b>			
Net intangible assets	3,231	4,853	(1,622)
Net fixed assets	73,705	69,122	4,583
Net financial assets	55,797	53,850	1,947
	<b>132,733</b>	<b>127,825</b>	<b>4,908</b>
<b>B) Treasury shares</b>	<b>2,995</b>	<b>2,997</b>	<b>(2)</b>
<b>C) Working capital</b>			
Inventory	186,464	135,434	51,030
Trade accounts receivable	50,926	58,318	(7,392)
Other assets	36,466	38,532	(2,066)
Customer advances	(122,613)	(38,880)	(83,733)
Trade accounts payable	(115,028)	(135,315)	20,287
Taxes payable	(8,765)	(6,023)	(2,742)
Other liabilities	(45,289)	(74,961)	29,672
	<b>(17,839)</b>	<b>(22,895)</b>	<b>5,056</b>
<b>D) Net invested capital (A+B+C)</b>	<b>117,889</b>	<b>107,927</b>	<b>9,962</b>
<b>E) Reserve for termination indemnities</b>	<b>(27,404)</b>	<b>(25,833)</b>	<b>(1,571)</b>
<b>F) Net capital requirements (D-E)</b>	<b>90,485</b>	<b>82,094</b>	<b>8,391</b>
<b>Covered by:</b>			
<b>G) Shareholders' equity</b>			
Paid-in share capital	9,317	9,317	0
Revaluation reserves	7,873	7,873	0
Retained earnings	67,065	57,892	9,173
Reserve for accelerated depreciation	9,614	10,343	(729)
Reserve for grants (pursuant to Law No. 488/92)	9,356	9,356	0
Other reserves	74,700	69,634	5,066
Net profit for the year	13,832	16,301	(2,469)
	<b>191,757</b>	<b>180,716</b>	<b>11,041</b>
<b>H) Restricted reserve</b>	<b>2,995</b>	<b>3,328</b>	<b>(333)</b>
<b>I) Net financial position</b>			



	Long-term debt	118,235	0	118,235
	Net liquid assets	(222,502)	(101,950)	(120,552)
		<b>(104,267)</b>	<b>(101,950)</b>	<b>(2,317)</b>
<b>L)</b>	<b>Total as in F (G+H+I)</b>	<b>90,485</b>	<b>82,094</b>	<b>8,391</b>

**Financial Statements of Pininfarina S.p.A. at December 31, 2004**  
**Statement of Cash Flow**

(in thousands of euros)

		12/31/04	12/31/03	Change
<b>A)</b>	<b>Net liquid assets at January 1</b>	<b>101,950</b>	<b>110,875</b>	<b>(8,925)</b>
<b>B)</b>	<b>Cash flow from operating activities</b>			
	Net profit for the year	13,832	16,301	(2,469)
	Depreciation and amortization	14,794	15,735	(941)
	(Gains) Losses on sale of non-current assets	(1,024)	(274)	(750)
	Change in working capital	(5,056)	1,938	(6,994)
	Net change in reserve for termination indemnities	1,571	114	1,457
	Other changes	(5,286)	(5,418)	132
		<b>18,831</b>	<b>28,396</b>	<b>(9,565)</b>
<b>C)</b>	<b>Cash flow from investing activities</b>			
	Investments in non-current assets			
	Intangible assets	(1,098)	(3,415)	2,317
	Fixed assets	(12,015)	(12,707)	692
	Equity investments	(1,947)	(21,685)	19,738
	Treasury shares	(182)	366	(548)
	Provision for writedowns of treasury shares	178	(609)	787
	Proceeds from sale non-current assets	1,674	3,850	(2,176)
		<b>(13,390)</b>	<b>(34,200)</b>	<b>20,810</b>
<b>D)</b>	<b>Cash flow from financing activities</b>	<b>118,235</b>	<b>0</b>	<b>118,235</b>
<b>E)</b>	<b>Distribution of net profit</b>	<b>(3,124)</b>	<b>(3,121)</b>	<b>(3)</b>
<b>F)</b>	<b>Net cash flow for the period (B+C+D+E)</b>	<b>120,552</b>	<b>(8,925)</b>	<b>129,477</b>
<b>G)</b>	<b>Net liquid assets at December 31 (A+F)</b>	<b>222,502</b>	<b>101,950</b>	<b>120,552</b>