

Preliminary 2004 results and 2005 outlook

First half results in line with expectations: Value of production decreases but operating margins increase.

The design and engineering operations triple their contribution.

The 2004 decline in production volume is temporary, with two new models coming in 2005 and three in 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 at June 30, 2004 for Pininfarina S.p.A. and the Pininfarina Group.

As expected, the consolidated value of production decreased during the first half of 2004, falling to 319.1 million euros (409.4 million euros in the same period last year). Continuing the upward trend reported in the first quarter of 2004, the design and engineering operations more than tripled their contribution to the value of production, compared with the first six months of 2003. EBIT declined to 12.3 million euros, down from 15 million euros in the first half of 2003.

However, they improved as a percentage of the value of production (3.9%, compared with 3.7% in the first six months of 2003), as the Group succeeded in cutting costs proportionately more than the reduction in the value of production. Profit before taxes totaled 7.4 million euros, or 2.3% of the value of production, compared with 12.2 million euros in the first half of 2003 (3% of the value of production). A heavier tax burden, attributable mainly to higher local taxes (IRAP), caused net profit to decline to 2.3 million euros (5.3 million euros in the first six months of 2003).

From the standpoint of profitability, the Group performed reasonably well in the first half of 2004, as the impact of lower production and the startup of operations headed by Matra Automobile Engineering and Open Air Systems was offset in part at the EBIT level by the contribution of the expanding engineering and design businesses.

As was previously announced, 2004 is proving to be a challenging year for the Group, as its manufacturing operations experience a downturn caused by the process of replacing expiring customer orders. On July 22, 2004, in response to the resulting decrease in manufacturing activity, the Group and the unions reached an agreement that allows the use of the Special Government Layoff Benefits Fund for corporate restructuring for employees of Pininfarina factories in Grugliasco, San Giorgio and Bairo. The Fund may be used between September 2004 and September 2006, as all current production orders will expire during that period. However, production of two new models will get under way in 2005, followed by three more in 2006, which should enable the Group to rehire all furloughed employees.

The net financial position was positive by 26.9 million euros, down from 105.9 million euros at December 31, 2003. The funding required to support the development of new manufacturing orders and the financing provided to startup companies are the main reasons for this decrease.

The Pininfarina Group expects its manufacturing operations to experience a further decrease in business activity, due in part to the expiration of two orders. As a result, the year-end value of production figure should be about 20% lower than it was in 2003, and that, in turn, will put downward pressure on profitability indicators.

The Group's Parent Company, Pininfarina S.p.A., absorbed the subsidiaries Industrie Pininfarina S.p.A. and Pininfarina Ricerca e Sviluppo S.p.A. effective January 1, 2004. To allow a homogeneous comparison between the first half of 2003 and the same period in 2004, the consolidated data at June 30, 2003 and December 31, 2003 have been restated to include the contribution of the merged companies. The comments provided in this press release refer to these pro forma consolidated data. Pininfarina S.p.A. ended the first half of 2004 with a value of production of 295 million euros. The decrease



of 27.3% from the same period last year was caused by the decline in manufacturing activity discussed above. EBIT totaled 11.9 million euros, compared with 13.6 million euros in the first six months of 2003. Thanks to a reduction in operating costs, the ratio of EBIT to value of production improved from 3.4% in the first half of 2003 to 4% in the same period this year.

Net profit amounted to 7.2 million euros, down from 8.1 million euros at June 30, 2003. The net financial position was positive by 106 million euros, up from 99 million euros at December 31, 2003. Projected results for all of 2004 call for net profit to be consistent with the figure earned in the first half of the year.

Reclassified Profit and Loss Account (in thousands of euros)

| 12/31/03 | | 6/30/04 | % | 6/30/03 | % | Change |
|----------------|--|----------------|---------------|----------------|---------------|-----------------|
| 688,549 | Net revenues | 236,203 | 74.03 | 367,079 | 89.66 | (130,876) |
| 14,337 | Change in inventory of work in process and finished products | 40,436 | 12.67 | 29,005 | 7.08 | 11,431 |
| 27,572 | Other income and revenues | 15,548 | 4.87 | 13,321 | 3.25 | 2,227 |
| 48,757 | Fixed assets constructed internally | 26,868 | 8.42 | - | - | 26,868 |
| 779,215 | Value of production for the year/period | 319,055 | 100.00 | 409,405 | 100.00 | (90,350) |
| (639,255) | Purchases of raw materials and outside services | (243,275) | (76.25) | (344,291) | (84.10) | 101,016 |
| 2,974 | Change in inventory of raw materials | (2,096) | (0.66) | 7,759 | 1.90 | (9,855) |
| 142,934 | Value added | 73,684 | 23.09 | 72,873 | 17.80 | 811 |
| (97,827) | Personnel costs | (52,132) | (16.34) | (48,938) | (11.95) | (3,194) |
| 45,107 | EBITDA | 21,552 | 6.75 | 23,935 | 5.85 | (2,383) |
| (18,094) | Depreciation and amortization | (9,238) | (2.90) | (8,852) | (2.16) | (386) |
| (499) | Provisions | (10) | (0.00) | (87) | (0.02) | 77 |
| 26,514 | EBIT | 12,304 | 3.86 | 14,996 | 3.66 | (2,692) |
| 4,010 | Net financial income | 1,225 | 0.38 | 2,510 | 0.61 | (1,285) |
| (8,334) | Other charges, net | (6,098) | (1.91) | (5,286) | (1.29) | (812) |
| 22,190 | Profit before taxes | 7,431 | 2.33 | 12,220 | 2.98 | (4,789) |
| (12,064) | Income taxes for the year/period | (5,015) | (1.57) | (6,887) | (1.68) | 1,872 |
| 19 | Minority interest in net profit | (90) | (0.03) | - | - | (90) |
| 10,145 | Net profit for the year/period | 2,326 | 0.73 | 5,333 | 1.30 | (3,007) |

Reclassified Balance Sheet (in thousands of euros)

| 6/30/03 | | 6/30/04 | 12/31/03 | Change |
|----------------|----------------------------------|----------------|----------------|---------------|
| | A) Net non-current assets | | | |
| 5,550 | Net intangible assets | 87,583 | 60,000 | 27,583 |
| 90,687 | Net fixed assets | 102,330 | 104,315 | (1,985) |
| 5,815 | Net financial assets | 5,446 | 8,559 | (3,113) |
| 102,052 | | 195,359 | 172,874 | 22,485 |
| | B) Working capital | | | |
| 105,238 | Inventory | 124,566 | 86,227 | 38,339 |
| 102,235 | Trade accounts receivable, net | 66,015 | 71,360 | (5,345) |
| 33,619 | Other assets | 54,869 | 45,898 | 8,971 |
| (195,097) | Trade accounts payable | (136,957) | (146,904) | 9,947 |
| (11,999) | Reserves for risks and charges | (10,872) | (14,584) | 3,712 |
| (84,578) | Other liabilities | (119,797) | (121,092) | 1,295 |



| | | | | |
|-----------|---|----------|-----------|---------|
| (50,582) | | (22,176) | (79,095) | 56,919 |
| 51,470 | C) Net invested capital (A+B) | 173,183 | 93,779 | 79,404 |
| 25,173 | D) Reserve for termination indemnities | 26,651 | 25,999 | 652 |
| 26,297 | E) Net capital requirements (C-D) | 146,532 | 67,780 | 78,752 |
| | F) Shareholders' equity | | | |
| 9,317 | Share capital | 9,317 | 9,317 | - |
| 154,225 | Reserves | 161,767 | 154,245 | 7,522 |
| 5,333 | Net profit for the year/period | 2,326 | 10,145 | (7,819) |
| 168,875 | | 173,410 | 173,707 | (297) |
| | G) Net financial position | | | |
| 1,766 | Long-term debt | 56,870 | 2,112 | 54,758 |
| (144,344) | Net financial assets | (83,748) | (108,039) | 24,291 |
| (142,578) | | (26,878) | (105,927) | 79,049 |
| 26,297 | H) Total as in E (F+G) | 146,532 | 67,780 | 78,752 |

Reclassified Profit and Loss Account (in thousands of euros)

| 12/31/03 | | 6/30/04 | % | 6/30/03 | % | Change |
|------------------------|--|------------------------|---------|-----------|---------|-----------|
| Comparable data | | Comparable data | | | | |
| 664,176 | Net revenues | 212,463 | 72.00 | 359,820 | 88.70 | (147,357) |
| 65,894 | Change in inventory of work in process and finished products | 68,517 | 23.22 | 32,694 | 8.06 | 35,823 |
| 27,237 | Other income and revenues | 14,113 | 4.78 | 13,158 | 3.24 | 955 |
| 757,307 | Value of production for the year/period | 295,093 | 100.00 | 405,672 | 100.00 | (110,579) |
| (630,776) | Purchases of raw materials and outside services | (235,081) | (79.66) | (345,746) | (85.23) | 110,665 |
| 2,986 | Change in inventory of raw, ancillary and consumable materials and goods | (2,079) | (0.70) | 7,737 | 1.91 | (9,816) |
| 129,517 | Value added | 57,933 | 19.63 | 67,663 | 16.68 | (9,730) |
| (85,625) | Personnel costs | (38,328) | (12.99) | (45,735) | (11.27) | 7,407 |
| 43,892 | EBITDA | 19,605 | 6.64 | 21,928 | 5.41 | (2,323) |
| (15,734) | Depreciation and amortization | (7,437) | (2.52) | (7,696) | (1.90) | 259 |
| (451) | Provisions | (243) | (0.08) | (604) | (0.15) | 361 |
| 27,707 | EBIT | 11,925 | 4.04 | 13,628 | 3.36 | (1,703) |
| 4,991 | Net financial income | 2,082 | 0.71 | 2,588 | 0.64 | (506) |
| (391) | Adjustments to the value of financial assets | (176) | (0.06) | (500) | (0.12) | 324 |
| (19) | Other charges, net | (61) | (0.02) | (19) | (0.00) | (42) |
| 32,288 | Profit before taxes | 13,770 | 4.67 | 15,697 | 3.87 | (1,927) |
| (15,987) | Income taxes for the year/period | (6,543) | (2.22) | (7,645) | (1.88) | 1,102 |
| 16,301 | Net profit for the year/period | 7,227 | 2.45 | 8,052 | 1.98 | (825) |

**Reclassified Balance Sheet (in thousands of euros)**

| 6/30/03 | | 6/30/04 | 12/31/03 | Change |
|------------------|--|------------------|-----------------|----------------|
| Comparable data | | Comparable data | | |
| | A. Net non-current assets | | | |
| 3,826 | Net intangible assets | 4,086 | 4,853 | (767) |
| 68,963 | Net fixed assets | 66,150 | 69,122 | (2,972) |
| 33,678 | Net financial assets | 54,394 | 53,850 | 544 |
| 106,467 | | 124,630 | 127,825 | (3,195) |
| 3,061 | B. Treasury stock | 3,061 | 2,997 | 64 |
| | C. Working capital | | | |
| 104,433 | Inventory | 201,872 | 135,434 | 66,438 |
| 99,995 | Trade accounts receivable, net | 47,440 | 61,367 | (13,927) |
| 31,149 | Other assets | 45,653 | 38,532 | 7,121 |
| 0 | Customer advances | (71,572) | 0 | (71,572) |
| (221,271) | Trade accounts payable | (180,207) | (174,195) | (6,012) |
| (6,230) | Reserves for risks and charges | (5,307) | (6,023) | 716 |
| (54,747) | Other liabilities | (57,546) | (74,961) | 17,415 |
| (46,671) | | (19,667) | (19,846) | 179 |
| 62,857 | D. Invested capital, net of operating liabilities (A+B+C) | 108,024 | 110,976 | (2,952) |
| (25,023) | E. Reserve for termination indemnities | (25,970) | (25,833) | (137) |
| 37,834 | F. Net capital requirements (D+E) | 82,054 | 85,143 | (3,090) |
| | G. Covered by: Shareholders' equity | | | |
| 9,317 | Paid-in share capital | 9,317 | 9,317 | 0 |
| 7,873 | Revaluation reserve | 7,873 | 7,873 | 0 |
| 64,205 | Retained earnings | 65,168 | 57,892 | 7,276 |
| 13,225 | Reserve for accelerated depreciation | 10,995 | 10,343 | 652 |
| 160 | Reserve for grants (pursuant to Law No. 488/92) | 9,356 | 9,356 | 0 |
| 69,268 | Other reserves | 74,700 | 69,634 | 5,066 |
| 8,052 | Net profit for the year/period | 7,227 | 16,301 | (9,074) |
| 172,101 | | 184,636 | 180,716 | 3,920 |
| 3,694 | H. Unavailable reserve | 3,511 | 3,329 | 182 |
| | I. Indebtedness (Net liquid assets) | | | |
| (137,962) | (Net liquid assets) | (106,093) | (98,901) | (7,192) |
| (137,962) | | (106,093) | (98,901) | (7,192) |
| 37,834 | L. Total as in F (G+H+I) | 82,054 | 85,143 | (3,090) |