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PRESS RELEASE

The banks agree to extend the duration of the Standstill Agreement to December 31, 2008 while an overall debt-rescheduling and recapitalization agreement is being negotiated

Third quarter: positive EBITDA, more than double the amount earned in 2007. Significantly smaller loss from operations: despite a decrease in production value, the Group continues to generate cash flow. Net loss smaller than in 2007.

Turin, November 12, 2008 – 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 Nine Months of 2008.

The table below shows the **consolidated income statement and balance sheet highlights at September 30, 2008** and a comparison with those for the first nine months of 2007:

(in millions of euros)	9/30/08	9/30/07	Bal. sheet at 12/31/07	Amount of change*
Production value	462.0	513.6		-51.6
EBITDA	26.2	11.4		+14.8
EBIT	-8.3	-23.2		+14.9
Net profit (loss)	-24.9	-39.1		+14.2
Net financial position	-215.6	-145.7	-185.5	-30.1
Shareholders' equity	12.7	115.9	39.0	-26.3

* The amount of change in the quarterly balance sheet data is computed against the amounts at December 31, 2007.

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

Pursuant to of Article 154 *bis*, Section 2, of the Uniform Financial 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 other documents and accounting records.

In the first nine months of 2009, the Pininfarina Group reported a sharp increase in **EBITDA, which more than doubled** compared with the same period last year, and a **substantial**



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reduction in the loss from operations, despite a **decrease of about 10% in production value**.

The positive change in the ratio of EBITDA to value of production, which improved to 5.7% at September 30, 2008 (2.2% a year earlier), shows that the **Group has continued to generate liquidity**, even though consolidated production value decreased to 462 million euros (-10%, compared with 513.6 million euros a year earlier). This reduction of 51.6 million euros is attributable mainly to the manufacturing operations, which invoiced 2,862 fewer cars than in the same period last year.

EBITDA (which represent the profit or loss from operations before depreciation, amortization and additions to provisions) were **positive by 26.2 million euros** (positive by 11.4 million euros in the first nine months of 2007).

After deducting charges for **depreciation, amortization and provisions** totaling 34.5 million euros (about the same as at September 30, 2007), EBIT (which represent the profit or loss from operations) were negative by 8.3 million euros, but this amount was **equal to about one-third of the loss from operations in the first nine months of 2007** (-23.2 million euros).

Net financial expense rose to 13.1 million euros, or 5.9 million euros more than at September 30, 2007 (net financial expense of 7.2 million euros), due to the fact that, while the interest rates paid on borrowings increased compared with 2007, the Group's gross indebtedness was little changed during the period. A reduction in interest income generated by the industrial operations and mark-to-market adjustments to the securities portfolio also contributed to the increase.

Valuation adjustments, which were positive by 1.9 million euros at September 30, 2007, were negative on balance by 2.1 million euros at September 30, 2008, as the net result of:

- a positive contribution of 4.3 million euros (Group's pro rata interest in net profit) provided by the **Pininfarina Sverige A.B.** joint venture (1.9 million euros at September 30, 2007);
- a negative contribution of 6.4 million euros (Group's pro rata interest in net loss) attributable to the **Véhicules Electriques Pininfarina Bolloré SAS** joint venture. This loss is due to the derecognition upon consolidation of the Group's pro rate share of profits generated by transactions between the Group's Parent Company, Pininfarina S.p.A., and the French joint venture in connection with the development of the electric car.

At September 30, 2008, the **loss before taxes** amounted to **23.5 million euros, or 5 million euros less than the 28.5 million euros lost in the first nine months of 2007**.

The **income tax** liability totaled 1.4 million euros, down from 10.5 million euros at September 30, 2007. The main reason for the improvement of 9.1 million euros was a choice made by the Group's Parent Company, which, when preparing the annual financial statements at December 31, 2007, decided that, in light of the results projected for the medium term and considering the existing loss carryforward, it would not recognize deferred tax items.

The **net loss narrowed to 24.9 million euros, compared with 39.1 million euros in the first nine months of 2007**, for an improvement of 14.2 million euros.



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The **net financial position** was **negative by 215.6 million euros**, showing a significant deterioration compared with December 31, 2007, when the balance was negative by 185.5 million euros (-30.1 million euros). At June 30, 2008, the net financial position was negative by 198.1 million euros. Variations in working capital requirements, which usually tend to increase during the third quarter of the year, are the main reason for the negative change.

A review of the performance of the Group's **businesses** in the first nine months of 2008 shows that the production value generated by the manufacturing operations amounted to 363.1 million euros (414.7 million euros in 2007, -12.4%), accounting for 78.6% of the consolidated total (80.7% a year earlier). EBIT were negative by 11.1 million euros. However, even though 2,862 fewer cars were invoiced than in the first nine months of 2007, the loss was smaller than at September 30, 2007, when it amounted to 26.8 million euros.

Pininfarina Sverige AB, which is not consolidated, invoiced 11,013 Volvo C70s during the first nine months of 2008, compared with 14,553 cars invoiced at September 30, 2007 (-24.3%). Conditions in the U.S. market, where sales were severely penalized by persistent demand weakness and, for European carmakers, by the weakness of the U.S. dollar versus the euro during the reporting period are exclusively responsible for the shortfall in unit sales.

The **service operations**, which include design and engineering for automotive and other transportation applications and product design, reported a production value of 98.9 million euros (about the same as at September 30, 2007), contributing 21.4% of consolidated production value, up from 19.3% a year earlier. EBIT were positive by 2.7 million euros, but lower by 0.8 million euros compared with September 30, 2007 due to a negative performance by the Matra Automobile Engineering Group in France.

An update of the information provided in the Semiannual Report at June 30, 2008 with regard to the assessment of the **Company's viability** and of significant events, based on developments that have occurred up to this point is provided below:

- As the Company announced on September 26, 2008, the deterioration of the global macroeconomic environment and of conditions in the automotive market in particular made it necessary to revise the production volume forecasts upon which the Industrial Plan and the attendant Financial Plan were based. Consequently, the signing of the Rescheduling/Refinancing Agreement by the Company and its lender banks, which was planned for September 30, 2008, was postponed at the Company's request.
- In order to have sufficient time to prepare a new Industrial and Financial Plan, the Company asked the lender banks to extend the duration of the Standstill Agreement, which was due to expire on September 30, 2008.
- The postponement of the signing of the Rescheduling/Refinancing Agreement, which was a prerequisite for the implementation of the capital increase approved by the Extraordinary Shareholders' Meeting on April 29, 2008, in connection with which, on August 1, 2008, the Company retained the services of BNP Paribas, UniCredit Group and Banca IMI (IntesaSanpaolo Group) for the purpose of promoting, as Joint Global Coordinators, the



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establishment of a placement guarantee consortium, coupled with the current condition of national and international financial markets, made it impossible to proceed with the abovementioned capital increase as originally scheduled.

On October 31, 2008, **updated guidelines of the Industrial and Financial Plan** prepared by the advisors Roland Berger and Rothschild were provided to the lender banks. The new guidelines differ from those approved by the Board of Directors on March 10, 2008 in that they take into account the impact of changes in the global macroeconomic scenario on the Pininfarina Group. These are:

- A decrease of about 50% in the production volume generated by the existing manufacturing contracts during the 2008-2011 period, with a resulting impact on the full utilization of the Company's current staff and on its cash flow;
- A substantial reduction in demand for engineering services, particularly in France, which the Company has addressed by selling two companies (DTrois SAS and Plazolles SARL), effective as of October 1, 2008, and by planning its exit from this market by the end of 2009;
- The development in the market of a steadily growing interest in electric cars, with a number of carmakers announcing the start of new projects and future launches. These developments confirm the soundness of the strategy pursued by the Group, which is actively engaged, in cooperation with the Bolloré Group, in developing an electric car project. The first product of this project was recently presented at the Paris International Motor Show, where it was very well received both by the media and the public, demonstrating that the project is on target in terms of innovation and is proceeding in the right direction significantly faster than originally anticipated. Specifically, the launch of the first cars under a pilot program is scheduled for late 2009-early 2010, followed by the start of full-scale production.

The **financial consequences** of the changes made to the Industrial Plan are intended to have a two-fold effect:

- Over the short-term, the drastic reduction in car production compared with earlier estimates, both in 2008 and over the remaining lives of the orders, and the rapidly deteriorating performance of the companies of the Matra Automobile Engineering Group in France will make it necessary to write down the carrying values of some assets and loans receivable held by Pininfarina S.p.A., consistent with the outcome of the impairment tests required by the IAS accounting principles. These developments, coupled with an expected collapse in order levels during the last two months of the year, point to a serious deterioration of the main income statement and balance sheet indicators at the Parent Company level and, consequently, for the Group as a whole.
- Over the medium/long term, the cash flow generated by the companies of the Group will not be sufficient to fully comply with the obligations undertaken toward the lender banks, as originally scheduled in the Financial Plan approved on March 10, 2008.



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In view of these new circumstances, on the occasion of the presentation of updated guidelines of the Industrial and Financial Plan on October 31, 2008, considering that a request was being made to extend the duration of the Standstill Agreement, the Company submitted certain proposals to the lender banks, with regard to which it provided additional information on November 7 in a memorandum sent to all of the banks. In addition to the rescheduling of medium- and long-term indebtedness, these proposals call for the implementation of transactions designed to recapitalize the Company adequately for the new reference scenario, as outlined in the Plan, which may include the forgiveness by the banks of a portion of the loans owed by Pininfarina and/or the conversion of a portion of these facilities into equity interests in the Company, which may not exceed 30% of the Company's share capital, and the award of warrants that may be used to acquire Company shares through subscription, the preemptive rights of other shareholders being suspended. The proposal also calls for issuing a limited number of warrants, with the same characteristics as the warrants awarded to the banks, for distribution to the shareholders free of charge.

A confirmation that the moratorium on the principal repayments owed by the Company would be extended until December 31, 2008 was provided today concurrently with the signing of the **Standstill Agreement** by all lender banks, which also asked in writing for an opportunity to obtain more in-depth information and to provide comments about the proposal submitted to them on November 7, 2008. Following the conclusion of meetings scheduled in the coming days, the Board of Directors will meet to approve the required resolutions.

Based on the consideration provided above and taking into account the progress that is being made in the abovementioned negotiations with banks, it is still possible that, in the unlikely event that the parties are unable to execute the abovementioned recapitalization and rescheduling agreements, the Company's viability could be at risk.

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