



(Translation from the Italian original which remains the definitive version)

Pininfarina Group quarterly report

Events after the reporting period

Outlook for 2017

Cambiano, 12 May 2017 – The Board of Directors of Pininfarina S.p.A., chaired by Paolo Pininfarina, met today and approved the Group's interim financial report at 31 March 2017. The Q1 2017 and Q1 2016 key financial figures of the Pininfarina Group are as follows:

(€'million)	Q1 2017	Q1 2016	2016	Variation*
Revenue	18.6	15.8		2.8
EBITDA	0.9	-1.7		2.6
EBIT	0.2	-2.5		2.7
Loss for the period	-0.4	-3.6		3.2
Net financial debt	-18.6	-49.2	-17.7	-0.9
Equity	30.5	6.2	30.5	-

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2016.

EBITDA is the operating profit or loss gross of amortisation, depreciation and provisions. EBIT is the operating profit or loss.

Pursuant to article 154-bis.2 of the Consolidated finance act, the manager in charge of financial reporting, Gianfranco Albertini, states that the financial disclosures provided in this press release are consistent with the relevant documentation, ledgers and accounting records.

The most significant issues that arise from a comparison of the consolidated figures for the first quarter of 2017 to those of the corresponding period of the previous year are summarised below:

- revenue has increased by 18% mainly thanks to the larger contribution of the design and engineering services segment and the royalties on the use of the trademark paid by Mahindra & Mahindra;
- EBITDA and EBIT are both positive compared to the operating losses recorded in the first quarter of 2016;
- compared to the first three months of 2016, the Group's Italian and German automotive operations have improved considerably, the contribution of the industrial design activities has increased while Chinese operations performed in line with the corresponding period of the previous year;
- the net financial expense has decreased following the Rescheduling Agreement with the lending institutions that took effect on 30 May 2016;
- equity is substantially unchanged from 31 December 2016, while net financial debt has increased, mainly due to the interest expense accrued during the quarter and a limited reduction in cash.

The headcount decreased by 3% (-17 units) from 590 at 31 March 2016 to 573, being the balance of a reduction, principally involving the Italian and German companies and the increase involving the Chinese company.

Performance by business segment

Operations segment

In addition to the revenue on the sale of spare parts for cars manufactured in previous years, royalties for the use of the trademark in the automotive segment and business lease income, this segment bears the costs of the support and property management functions of the parent, Pininfarina S.p.A.. It recognised revenue of €3.2 million (€2 million in Q1 2016).



Segment EBIT improved by €0.7 million to a negative €0.9 million from a negative €1.6 million in the corresponding period of the previous year. The royalties on the use of the trademark paid by Mahindra & Mahindra Ltd for the period and the sale of the rights on concept cars (not present in Q1 2016) are the main drivers of the improvement.

Services segment

This segment, comprising the design and engineering businesses, recognised revenue of €15.4 million, up roughly 12% compared to the first three months of 2016 (€13.8 million).

Segment EBIT rose from a loss of €0.9 million in the first quarter of 2016 to a profit of €1.1 million. The improvement in revenue and profitability is principally attributable to the engineering segment in Italy and Germany, which recovered compared to the first three months of 2016.

The key financial figures of the parent, Pininfarina S.p.A., are summarised below:

(€'million)	Q1 2017	Q1 2016	2016	Variation*
Revenue	10.0	7.4		2.6
EBITDA	0.4	-1.8		2.2
EBIT	-0.1	-2.3		2.2
Loss for the period	-0.6	-3.5		2.9
Net financial debt	-23.0	-54.3	-22.7	-0.3
Equity	31.8	5.1	32.0	-0.2

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2016.

EBITDA is the operating profit or loss gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions. EBIT is the operating profit or loss.

Events after the reporting period

On 9 May 2017, Pininfarina S.p.A. announced that it signed a trade agreement with Iran Khodro (IKCO), Iranian leading automotive company, listed on the Teheran stock exchange.

The agreement covers the turn-key development of a modular automotive platform that can host at least four car models, with the first car to compete in the mid market segment. The activities will start from styling the concept to the platform architecture, vehicle styling, engineering development, virtual and physical validation for series production.

The agreement is worth approximately €70 million and will have a total duration of three years.

There are no other significant events that occurred after the reporting date.

Information required by Consob (the Italian Commission for listed companies and the stock exchange) pursuant to article 114.5 of Legislative decree no. 58/98

- 1) The tables showing the net financial debt of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, are attached hereto.
- 2) The Group has no past-due liabilities (of a commercial, financial, tax or social security nature). No actions against the Group have been filed by creditors.
- 3) The tables showing the Group's and parent's related party transactions are attached hereto.
- 4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked quarterly beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000.
- 5) The parent's debt restructuring plan is proceeding in accordance with the current agreements.
- 6) Implementation of the business plan approved by the board of directors on 27 November 2015 continues as forecast.



Outlook for 2017

Consolidated revenue for 2017 is expected to be higher than the 2016 figure and the EBIT is forecast to be positive.

Net financial debt at 31 December 2017 should improve thanks to completion of the capital increase approved by the parent's shareholders on 21 November 2016.

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RECLASSIFIED INTERIM FINANCIAL STATEMENTS

The reclassified interim financial statements group the figures presented in the legally-required statements to improve their understanding, without however changing their presentation logic.

The terms “EBITDA” and “EBIT” as used in the reclassified interim financial statements are the “operating profit or loss”, gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions, and “operating profit or loss” presented in the IFRS interim financial statements, respectively.

PININFARINA GROUP
Reclassified income statement
(€'000)

			Data at		Variation	Data at 2016
	Q1 2017	%	Q1 2016	%		
Revenue from sales and services	14,853	80.05	17,301	109.81	(2,448)	62,660
Change in inventories and contract work in progress	1,888	10.19	(2,983)	(18.93)	4,871	(4,018)
Other revenue and income	1,813	9.76	1,438	9.12	375	10,227
Revenue	18,554	100.00	15,756	100.00	2,798	68,869
Net gains on the sale of non-current assets	-	-	-	-	-	14
Materials and services (*)	(6,663)	(35.91)	(6,892)	(43.74)	229	(24,840)
Change in raw materials	25	0.13	3	0.02	22	54
Value added	11,916	64.22	8,867	56.28	3,049	44,097
Labour cost (**)	(11,003)	(59.30)	(10,532)	(66.84)	(471)	(43,231)
EBITDA	913	4.92	(1,665)	(10.56)	2,578	866
Amortisation and depreciation	(744)	(4.01)	(811)	(5.15)	67	(3,143)
(Additions to)/utilisation of provisions and impairment losses	5	0.03	24	0.15	(19)	(601)
EBIT	174	0.94	(2,452)	(15.56)	2,626	(2,878)
Net financial expense	(474)	(2.56)	(1,190)	(7.55)	716	(3,074)
Gain on the extinguishment of financial liabilities	-	-	-	-	-	26,459
Share of profit of equity-accounted investees	4	0.02	8	0.05	(4)	14
Profit (loss) before taxes	(296)	(1.60)	(3,634)	(23.06)	3,338	20,521
Income taxes	(59)	(0.32)	22	0.14	(81)	10
Profit (loss) for the period/year	(355)	(1.92)	(3,612)	(22.92)	3,257	20,531

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€6.6 thousand and €1.2 thousand for the first quarters of 2016 and 2017, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€646 thousand and €2.3 thousand for the first quarters of 2016 and 2017, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the condensed interim consolidated financial statements with those in the reclassified schedules is provided below:

- Materials and services include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- (Additions to)/utilisation of provisions and impairment losses include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- Net financial expense comprises net financial expense and dividends.



PININFARINA GROUP
Reclassified statement of financial position
(€'000)

	Data at			Data at
	31.03.2017	31.12.2016	Variation	31.03.2016
Net non-current assets (A)				
Net intangible assets	1,781	1,809	(28)	2,100
Net property, plant and equipment and investment property	49,839	50,111	(272)	51,064
Equity investments	341	337	4	330
Total A	51,961	52,257	(296)	53,494
Working capital (B)				
Inventories	3,660	1,749	1,911	2,725
Net trade receivables and other assets	17,891	18,376	(485)	19,244
Deferred tax assets	1,002	1,002	-	926
Trade payables	(14,718)	(12,925)	(1,793)	(9,164)
Provisions for risks and charges	(406)	(421)	15	(585)
Other liabilities (*)	(5,463)	(6,981)	1,518	(6,429)
Total B	1,966	800	1,166	6,717
Net invested capital (C=A+B)	53,927	53,057	870	60,211
Post-employment benefits (D)	4,863	4,927	(64)	4,805
Net capital requirements (E=C-D)	49,064	48,130	934	55,406
Equity (F)	30,455	30,464	(9)	6,161
Net financial debt (G)				
Non-current loans and borrowings	26,421	25,997	424	67,271
Net current financial position	(7,812)	(8,331)	519	(18,026)
Total G	18,609	17,666	943	49,245
Total as in E (H=F+G)	49,064	48,130	934	55,406

(*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities.

PININFARINA GROUP
Net financial debt
(€'000)

	Data at			Data at
	31.03.2017	31.12.2016	Variation	31.03.2016
Cash and cash equivalents	27,274	27,783	(509)	36,916
Available-for-sale financial assets	-	-	-	-
Current finance lease liabilities	-	-	-	(11,654)
Loans and borrowings - related parties and joint ventures	(16,034)	(16,024)	(10)	-
Net current financial position	7,812	8,331	(519)	18,026
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	131	134	(3)	269
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	(41,483)
Non-current bank loans and borrowings	(26,552)	(26,131)	(421)	(26,057)
Non-current loans and borrowings	(26,421)	(25,997)	(424)	(67,271)
NET FINANCIAL DEBT	(18,609)	(17,666)	(943)	(49,245)

PININFARINA S.p.A.
Reclassified income statement
(€'000)

	Q1 2017		Data at Q1 2016		Variation	Data at
		%		%		2016
Revenue from sales and services	7,491	75.02	10,538	143.04	(3,047)	31,630
Change in inventories and contract work in progress	908	9.09	(4,402)	(59.75)	5,310	(4,032)
Other revenue and income	1,587	15.89	1,231	16.71	356	9,210
Revenue	9,986	100.00	7,367	100.00	2,619	36,808
Net gains on the sale of non-current assets	-	-	-	-	-	2
Materials and services (*)	(3,931)	(39.36)	(4,036)	(54.78)	105	(14,738)
Change in raw materials	25	0.25	3	0.04	22	54
Value added	6,080	60.89	3,334	45.26	2,746	22,126
Labour cost (**)	(5,677)	(56.85)	(5,094)	(69.15)	(583)	(22,242)
EBITDA	403	4.04	(1,760)	(23.89)	2,163	(116)
Amortisation and depreciation	(562)	(5.63)	(565)	(7.67)	3	(2,216)
(Additions to)/utilisation of provisions and impairment losses	11	0.11	28	0.38	(17)	82
EBIT	(148)	(1.48)	(2,297)	(31.18)	2,149	(2,250)
Net financial expense	(466)	(4.67)	(1,184)	(16.07)	718	(1,132)
Gain on the extinguishment of financial liabilities	-	-	-	-	-	26,459
Profit (loss) before taxes	(614)	(6.15)	(3,481)	(47.25)	2,867	23,077
Income taxes	-	-	-	-	-	190
Profit (loss) for the period/year	(614)	(6.15)	(3,481)	(47.25)	2,867	23,267

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€6.6 thousand and €1.2 thousand for the first quarters of 2016 and 2017, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€646 thousand and €2.3 thousand for the first quarters of 2016 and 2017, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the interim separate financial statements with those in the reclassified schedules is provided below:

- Materials and services include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- (Additions to)/utilisation of provisions and impairment losses include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- Net financial expense comprises net financial expense and dividends.



Pininfarina S.p.A.
Reclassified statement of financial position
(€'000)

	Data at		
	31.03.2017	31.12.2016	Variation
Net non-current assets (A)			
Net intangible assets	560	585	(25)
Net property, plant and equipment and investment property	40,319	40,360	(41)
Equity investments	21,578	21,578	-
Total A	62,457	62,523	(66)
Working capital (B)			
Inventories	1,943	1,010	933
Net trade receivables and other assets	9,593	10,180	(587)
Trade payables	(11,455)	(9,844)	(1,611)
Provisions for risks and charges	(399)	(414)	15
Other liabilities	(3,174)	(4,489)	1,315
Total B	(3,492)	(3,557)	65
Net invested capital (C=A+B)	58,965	58,966	(1)
Post-employment benefits (D)	4,147	4,225	(78)
Net capital requirements (E=C-D)	54,818	54,741	77
Equity (F)	31,752	32,005	(253)
Net financial debt (G)			
Non-current loans and borrowings	24,672	24,235	437
Net current financial position	(1,606)	(1,499)	(107)
Total G	23,066	22,736	330
Total as in E (H=F+G)	54,818	54,741	77

PININFARINA S.p.A.
Net financial debt
(€'000)

	Data at		
	31.03.2017	31.12.2016	Variation
Cash and cash equivalents	21,266	21,149	117
Current assets held for trading	-	-	-
Current finance lease liabilities	-	-	-
Loans and borrowings - related parties	(16,292)	(16,282)	(10)
Current portion of bank loans and borrowings	(3,368)	(3,368)	-
Net current financial position	1,606	1,499	107
Non-current loans and receivables - related parties	1,685	1,686	(1)
Non-current finance lease liabilities	-	-	-
Non-current bank loans and borrowings	(26,357)	(25,921)	(436)
Non-current loans and borrowings	(24,672)	(24,235)	(437)
NET FINANCIAL DEBT	(23,066)	(22,736)	(330)

**Related party transactions for the three months ended 31 March 2017 - Pininfarina Group**

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, consistent with the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,034,000	-	-	-	10,000
Goodmind S.r.l.	-	-	130,986	-	8,000	-	986	-
Mahindra&Mahindra Group	1,488,488	-	-	-	1,554,926	-	-	-
Tech Mahindra Group	756,743	56,439	-	-	643,546	-	-	-
Ssangyong Motor Company	68,000	-	-	-	268,400	-	-	-
Total	2,313,231	56,439	130,986	16,034,000	2,474,872	-	986	10,000

Related party transactions for the three months ended 31 March 2017 - Pininfarina S.p.A.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,034,000	-	-	-	10,000
Pincar S.r.l. in liquidation	-	-	-	-	-	-	-	-
Pininfarina Extra S.r.l.	92,851	72,414	185,232	257,838	80,383	7,489	-	-
Goodmind S.r.l.	-	-	-	-	8,000	-	-	-
Pininfarina Deutschland GmbH	14,000	-	1,500,000	-	28,000	-	3,109	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	377,340	29,000	-	-	65,437	29,000	-	-
Mahindra&Mahindra Group	1,484,300	-	-	-	1,448,821	-	-	-
Tech Mahindra Group	721,238	-	-	-	630,991	-	-	-
Ssangyong Motor Company	68,000	-	-	-	117,435	-	-	-
Total	2,757,729	101,414	1,685,232	16,291,838	2,379,067	36,489	3,109	10,000

The financial assets and liabilities with Pininfarina Extra S.r.l. relate to the domestic tax consolidation agreement.

Fees to directors, statutory auditors and key management personnel:

Fees to the company's directors and statutory auditors for their respective duties are as follows:

	Q1 2017	Q1 2016
(€'000)		
Directors	87	157
Statutory auditors	25	26
Total	112	183

The total fees to Pininfarina S.p.A.'s key management personnel approximate €0.3 million for the first three months of 2017.