

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

Pininfarina Group interim financial report

Events after the reporting period

Outlook for 2018

Cambiano, 13 November 2018 – The Board of Directors of Pininfarina S.p.A., chaired by Paolo Pininfarina, met today and approved the Group's interim financial report at 30 September 2018. The Q3 2018 key financial figures of the Pininfarina Group and the relevant comparative figures are as follows:

(€'million)	Q3 2018	Q3 2017	31.12.2017	Variation*
Revenue	78.0	62.1		15.9
EBITDA	8.0	4.6		3.4
EBIT	5.4	2.3		3.1
Profit for the period	2.7	0.5		2.2
Net financial position	9.6	14.1	12.0	-2.4
Equity	62.1	57.8	58.8	3.3

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2017.

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 arising from the comparison between the consolidated figures for the first nine months of 2018 and those for the corresponding period of the previous year are summarised below:

- revenue increased by 26% boosted by the larger contribution of the design, prototyping and limited series manufacturing activities;
- EBITDA (gross operating profit) and EBIT (operating profit) were both very satisfactory and show a significant jump on the corresponding period of 2017;
- compared to the first nine months of 2017, the Group's Italian automotive operations show an increase in profits while the German subsidiaries recorded a decrease in revenue and, hence, operating losses. The industrial design segment's contribution was stable while the Chinese operations' business volumes and profitability continue to grow;
- the profit for the period is more than five times that for the corresponding period of 2017 thanks to the Group's satisfactory operating performance;
- the Group's net financial position at 30 September 2018 decreased compared to 31 December 2017 mainly due to changes in its working capital. Equity includes the profit for the period and is roughly 6% greater than that at 31 December 2017.

The headcount increased by 4.5% (27 units) from 605 at 30 September 2017 to 632, principally involving the parent and the Chinese subsidiary.

On 14 May 2018, the parent, Pininfarina S.p.A., incorporated Pininfarina Engineering S.r.l., which it wholly owns, manages and coordinates. The two companies signed a business unit transfer agreement on 25 June



2018, which became effective on 1 July 2018, whereby the parent transferred its “Engineering” business unit, consisting of the engineering activities partly carried out directly by it and partly by its subsidiary Pininfarina Deutschland GmbH, which was included in the transfer, to its wholly-owned subsidiary.

In its order of 13 September 2018, the Supreme Court of Cassation definitely ruled in the parent’s favour with respect to its appeal against the 2002 and 2003 tax notices about the alleged non-payment of VAT on the sale of goods to the Peugeot-Citroen Group. The amount claimed was roughly €29.4 million plus interest.

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.. Segment revenue came to €5.3 million compared to €8 million for the first nine months of 2017. The reduction is mostly due to the smaller sales of spare parts and the recognition of gains on the one-off sale of rights to a concept car in the corresponding period. Despite the large contraction in revenue, the segment’s operating loss of €3.5 million is in line with that for the first nine months of 2017 (€3.4 million), mainly thanks to the smaller costs incurred.

Services segment

This segment, comprising the design and engineering businesses, recognised revenue of €72.7 million, up 34% compared to the first nine months of 2017 (€54.1 million), boosted by the growth of all services. The segment’s operating profit increased to €8.8 million compared to €5.7 million in the corresponding period of the previous year.

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

(€'million)	Q3 2018	Q3 2017	31.12.2017	Variation*
Revenue	49.9	37.1		12.8
EBITDA	6.3	2.9		3.4
EBIT	4.3	1.2		3.1
Profit for the period	2.9	0.5		2.4
Net financial position	3.6	11.2	7.5	-3.9
Equity	63.3	59.5	59.8	3.5

* Variations in the statement of financial position figures relate to the corresponding figures at 31 December 2017.

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.



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 position 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 annually beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000. It had been complied with at the first verification date.
- 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.

Events after the reporting period

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

Outlook for 2018

Consolidated revenue and the operating profit are expected to improve in 2018 compared to the previous year, while the Group expects a decrease in its net financial position unlike the previous forecasts.

Contacts:

Pininfarina:

Gianfranco Albertini, CFO and Investor Relations, tel. +39.011.9438367

Francesco Fiordelisi, Corporate and Product Communication Manager, tel. +39.011.9438105/335.7262530

Studio Mailander:

Carolina Mailander, tel. +39.011.5527311/335.6555651

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)

	Nine months ended					
	30.09.2018	%	30.09.2017	%	Variation	2017
Revenue from sales and services	69,456	89.04	55,212	88.91	14,244	79,642
Change in inventories and contract work in progress	2,752	3.53	1,343	2.16	1,409	50
Other revenue and income	5,797	7.43	5,546	8.93	251	7,410
Revenue	78,005	100.00	62,101	100.00	15,904	87,102
Net gains on the sale of non-current assets	184	0.24	1	-	183	137
Materials and services (*)	(32,915)	(42.20)	(24,554)	(39.54)	(8,361)	(35,245)
Change in raw materials	65	0.08	69	0.11	(4)	85
Value added	45,339	58.12	37,617	60.57	7,722	52,079
Labour cost (**)	(37,305)	(47.82)	(33,023)	(53.18)	(4,282)	(44,596)
Gross operating profit	8,034	10.30	4,594	7.39	3,440	7,483
Amortisation and depreciation	(2,655)	(3.41)	(2,281)	(3.67)	(374)	(3,023)
(Additions to)/utilisation of provisions and impairment losses	(2)	0.00	(12)	(0.02)	10	(232)
Operating profit	5,377	6.89	2,301	3.70	3,076	4,228
Net financial expense	(1,748)	(2.24)	(1,396)	(2.25)	(352)	(2,107)
Gain on the extinguishment of financial liabilities	-	-	-	0.00	-	-
Share of profit (loss) of equity-accounted investees	(50)	(0.06)	10	0.02	(60)	12
Profit before taxes	3,579	4.59	915	1.47	2,664	2,133
Income taxes	(868)	(1.11)	(419)	(0.67)	(449)	(821)
Profit for the period/year	2,711	3.48	496	0.80	2,215	1,312

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.3 thousand and €2.9 thousand for Q3 2017 and Q3 2018, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€6.9 thousand and €42.4 thousand for Q3 2017 and Q3 2018, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the 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)

	30.09.2018	31.12.2017	Variation	30.09.2017
Net non-current assets (A)				
Net intangible assets	7,356	1,672	5,684	1,671
Net property, plant and equipment and investment property	49,604	49,557	47	49,443
Equity investments	828	349	479	347
Total A	57,788	51,578	6,210	51,461
Working capital (B)				
Inventories	4,669	1,876	2,793	3,150
Net trade receivables and other assets	33,387	31,439	1,948	20,214
Assets held for sale	-	252	(252)	-
Deferred tax assets	873	881	(8)	969
Trade payables	(30,021)	(26,784)	(3,237)	(19,148)
Provisions for risks and charges	(546)	(596)	50	(405)
Other liabilities (*)	(8,866)	(7,010)	(1,856)	(7,704)
Total B	(504)	58	(562)	(2,924)
Net invested capital (C=A+B)	57,284	51,636	5,648	48,537
Post-employment benefits (D)	4,739	4,789	(50)	4,788
Net capital requirements (E=C-D)	52,545	46,847	5,698	43,749
Equity (F)	62,123	58,803	3,320	57,813
Net financial position (G)				
Non-current loans and borrowings	24,946	24,275	671	27,290
Net current financial position	(34,524)	(36,231)	1,707	(41,354)
Total G	(9,578)	(11,956)	2,378	(14,064)
Total as in E (H=F+G)	52,545	46,847	5,698	43,749

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

PININFARINA GROUP

Net financial position

(€'000)

	30.09.2018	31.12.2017	Variation	30.09.2017
Cash and cash equivalents	25,435	39,785	(14,350)	44,782
Current assets held for trading	12,780	-	12,780	-
Current bank overdrafts	(137)	-	(137)	-
Current portion of bank loans and borrowings	(3,554)	(3,554)	-	(3,428)
Net current financial position	34,524	36,231	(1,707)	41,354
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	652	100	552	133
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(25,598)	(24,375)	(1,223)	(27,423)
Non-current loans and borrowings	(24,946)	(24,275)	(671)	(27,290)
NET FINANCIAL POSITION	9,578	11,956	(2,378)	14,064

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

	Nine months ended					2017
	30.09.2018	%	30.09.2017	%	Variation	
Revenue from sales and services	45,200	90.58	32,192	86.77	13,008	46,592
Change in inventories and contract work in progress	(359)	(0.72)	(14)	(0.04)	(345)	312
Other revenue and income	5,059	10.14	4,922	13.27	137	6,568
Revenue	49,900	100.00	37,100	100.00	12,800	53,472
Net gains on the sale of non-current assets	184	0.37	1	-	183	137
Materials and services (*)	(26,206)	(52.52)	(17,015)	(45.86)	(9,191)	(25,316)
Change in raw materials	65	0.13	69	0.19	(4)	85
Value added	23,943	47.98	20,155	54.33	3,788	28,378
Labour cost (**)	(17,620)	(35.31)	(17,220)	(46.42)	(400)	(23,747)
Gross operating profit	6,323	12.67	2,935	7.91	3,388	4,631
Amortisation and depreciation	(2,028)	(4.06)	(1,699)	(4.58)	(329)	(2,233)
(Additions to)/utilisation of provisions and impairment losses	4	0.01	8	0.02	(4)	(186)
Operating profit	4,299	8.62	1,244	3.35	3,055	2,212
Net financial expense	(941)	(1.89)	(660)	(1.78)	(281)	(1,361)
Share of loss of equity-accounted investees	(63)	(0.13)	-	-	(63)	
Profit before taxes	3,295	6.60	584	1.57	2,711	851
Income taxes	(365)	(0.73)	(126)	(0.34)	(239)	(242)
Profit for the period/year	2,930	5.87	458	1.23	2,472	609

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.3 thousand and €2.9 thousand for Q3 2017 and Q3 2018, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€6.9 thousand and €42.4 thousand for Q3 2017 and Q3 2018, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the 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)

	30.09.2018	31.12.2017	Variation	30.09.2017
Net non-current assets (A)				
Net intangible assets	5,883	451	5,432	468
Net property, plant and equipment and investment property	39,953	40,406	(453)	40,203
Equity investments	22,292	21,578	714	21,578
Total A	68,128	62,435	5,693	62,249
Working capital (B)				
Inventories	1,113	1,407	(294)	1,065
Net trade receivables and other assets	21,574	22,193	(619)	10,782
Assets held for sale	-	252	(252)	-
Trade payables	(23,552)	(24,616)	1,064	(16,231)
Provisions for risks and charges	(539)	(589)	50	(398)
Other liabilities	(4,308)	(4,750)	442	(5,205)
Total B	(5,712)	(6,103)	391	(9,987)
Net invested capital (C=A+B)	62,416	56,332	6,084	52,262
Post-employment benefits (D)	2,701	4,047	(1,346)	4,035
Net capital requirements (E=C-D)	59,715	52,285	7,430	48,227
Equity (F)	63,294	59,795	3,499	59,474
Net financial position (G)				
Non-current loans and borrowings	23,395	22,725	670	25,758
Net current financial position	(26,974)	(30,235)	3,261	(37,005)
Total G	(3,579)	(7,510)	3,931	(11,247)
Total as in E (H=F+G)	59,715	52,285	7,430	48,227

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

	30.09.2018	31.12.2017	Variation	30.09.2017
Cash and cash equivalents	18,018	34,064	(16,046)	40,631
Current assets held for trading	12,780	-	12,780	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties	(330)	(335)	5	(258)
Current portion of bank loans and borrowings	(3,494)	(3,494)	-	(3,368)
Net current financial position	26,974	30,235	(3,261)	37,005
Non-current loans and receivables - related parties	2,098	1,500	598	1,500
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(25,493)	(24,225)	(1,268)	(27,258)
Non-current loans and borrowings	(23,395)	(22,725)	(670)	(25,758)
NET FINANCIAL POSITION	3,579	7,510	(3,931)	11,247



Related party transactions - 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
Goodmind S.r.l.	-	-	102,138	-	5,333	-	1,668	-
Signature S.r.l.	57,452	26,916	550,000	-	98,200	63,674	-	-
Tech Mahindra Ltd	23,318	265,794	-	-	82,318	846,969	-	-
Tech Mahindra GmbH	10,115	-	-	-	93,823	-	-	-
Mahindra&Mahindra Ltd	3,265,864	-	-	-	5,672,515	-	-	-
Mahindra Graphic Research Design S.r.l.	-	121,356	-	-	-	362,685	-	-
Ssangyong Motor Company	-	-	-	-	415,794	-	-	-
Automobili Pininfarina GmbH	2,506,287	-	-	-	2,421,140	-	-	-
Total	5,863,036	414,066	652,138	-	8,789,123	1,273,328	1,668	-

Intragroup transactions include:

- Goodmind S.r.l.: loan agreement with Pininfarina Extra S.r.l. and lease for equipped office premises with the parent, terminated in February 2018;
- Signature S.r.l.: loan agreement with the parent, purchases and sales of goods with Pininfarina Extra S.r.l.;
- Tech Mahindra Ltd: services agreements with Pininfarina Deutschland GmbH, Pininfarina S.p.A. and Pininfarina of America Corp.; sales of goods by Pininfarina Extra S.r.l. and recharge of costs incurred by Pininfarina S.p.A. on the company's behalf;
- Tech Mahindra GmbH: lease agreement for equipped office premises with Pininfarina Deutschland GmbH;
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A. and Pininfarina Engineering S.r.l. and sales of goods and services by Pininfarina Extra S.r.l.;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements with Pininfarina S.p.A. and Pininfarina Engineering S.r.l.;
- Ssangyong Motor Company: design services agreement with Pininfarina S.p.A.;
- Automobili Pininfarina GmbH: lease for equipped office premises with Pininfarina Deutschland GmbH and design and engineering agreement with Pininfarina S.p.A..

In addition to the above figures, Studio Starplex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the parent for €27,000, while Greta Pininfarina provided employee services to Pininfarina Extra S.r.l. for a cost of approximately €14,000.

On 26 September 2018, Pininfarina Engineering S.r.l. signed an engineering services agreement with Mahindra & Mahindra Ltd ("M&M") for the development of a project (design the upper body systems of the body shell, integration of the body shell with the main operating systems and implementation of the performance requested of a new Mahindra vehicle based on its new platform.

Pininfarina Engineering S.r.l. will receive a fee of €10,375,000.00 for its services to be provided over roughly 16 months. This fee qualifies the transaction as a "major transaction" pursuant to the relevant legislation. The



services provided are part of the “company’s normal business activities” and are rendered “on an arm’s length basis”.

Directors’ and statutory auditors’ fees

(€'000)	Nine months ended 30.09.2018	Nine months ended 30.09.2017
Directors	658	468
Statutory auditors	83	83
Total	741	551

Related party transactions - Pininfarina S.p.A.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	-	-	-	-	-
Goodmind S.r.l.	-	-	-	-	5,333	-	-	-
Signature S.r.l.	-	-	550,000	-	-	-	-	-
Pininfarina Extra S.r.l.	98,985	11,717	47,281	330,362	261,141	169,091	776,000	-
Pininfarina Engineering S.r.l.	2,556,213	1,343,650	-	-	2,050,232	1,103,004	-	-
Pininfarina Deutschland Holding GmbH	-	-	-	-	-	-	-	-
Pininfarina Deutschland GmbH	-	-	1,500,835	-	-	-	7,914	-
Pininfarina Shanghai Co. Ltd	77,450	-	-	-	106,270	15,000	-	-
Tech Mahindra Ltd	7,200	265,794	-	-	37,360	846,969	-	-
Mahindra&Mahindra Limited	133,364	-	-	-	5,614,223	-	-	-
Mahindra Europe S.r.l.	-	-	-	-	1,364	-	-	-
Mahindra Graphic Research Design S.r.l.	-	-	-	-	-	362,685	-	-
Automobili Pininfarina GmbH	2,502,598	-	-	-	2,389,583	-	-	-
Ssangyong Motor Company	-	-	-	-	415,794	-	-	-
Total	5,375,810	1,621,161	2,098,116	330,362	10,881,300	2,496,749	783,914	-

Intragroup transactions include:

- Goodmind S.r.l.: lease for equipped office premises terminated in February 2018;
- Signature S.r.l.: loan agreement;
- Pininfarina Extra S.r.l.: lease for equipped office premises and services agreements. The financial liability with Pininfarina Extra S.r.l. relates to the national tax consolidation agreement;
- Pininfarina Engineering S.r.l.: sale of goods to furnish its offices during the construction phase, lease for the equipped premises and services agreements;
- Pininfarina Deutschland GmbH: loan agreement;
- Pininfarina Shanghai Co Ltd: services agreement;
- Tech Mahindra Ltd: services agreement;
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements;
- Automobili Pininfarina GmbH: design and engineering agreement;
- Ssangyong Motor Company: design services agreement.

In addition to the above figures, Studio Starclex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the company for €27,000.



Directors' and statutory auditors' fees

(€'000)	<u>Nine months ended 30.09.2018</u>	<u>Nine months ended 30.09.2017</u>
Directors	463	273
Statutory auditors	76	76
Total	539	349

The total fees to Pininfarina S.p.A.'s key management personnel approximate €1.1 million for the first nine months of 2018.