

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

Pininfarina Group interim financial report

Events after the reporting period

Outlook

Cambiano, 14 May 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 31 March 2018. The Q1 2018 and Q1 2017 key financial figures of the Pininfarina Group are as follows:

(€'million)	Q1 2018	Q1 2017	2017	Variation*
Revenue	28.4	18.6		9.8
EBITDA	4.1	0.9		3.2
EBIT	3.1	0.2		2.9
Profit (loss) for the period	2.1	-0.4		2.5
Net financial position (debt)	13.1	-18.6	12.0	1.1
Equity	61.1	30.5	58.8	2.3

* 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 that arise from a comparison of the Q1 2018 and Q1 2017 consolidated financial figures are as follows:

- revenue jumped (+53%) thanks to the greater contribution of all segments and especially that of the engineering services;
- EBITDA (gross operating profit) and EBIT (operating profit) both improved significantly to now equal 14% and 11% of revenue, respectively (0.5% and 0.1% in the corresponding period of 2017, respectively);
- all the group companies improved their profits on Q1 2017, except for the German companies which are still struggling with a very difficult market;
- equity at the reporting date increased compared to 31 December 2017, mainly due to the profit for the period, while the Group's net financial position improved by roughly 10% on the previous year end.

The headcount increased by 9% (+49 units) from 573 at 31 March 2017 to 622 at the reporting date.

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 parent's support and property management departments. It recognised revenue of €2.1 million (€3.2 million in Q1 2017), down mainly as a result of the sale of rights to a concept car in Q1 2016 which did not repeat in the reporting period.

The segment's EBIT was a negative €0.9 million in line with the same period of 2017.



Services segment

This segment, comprising the design and engineering businesses, recognised revenue of €26.3 million, up roughly 71% compared to the first three months of 2017 (€15.4 million).

Segment EBIT rose from €1.1 million in the first quarter of 2017 to €4 million. The improvement in revenue and profitability is principally attributable to the activities carried out in Italy and China.

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

(€'million)	Q1 2018	Q1 2017	2017	Variation*
Revenue	19.5	10.0		9.5
EBITDA	3.1	0.4		2.7
EBIT	2.3	-0.1		2.4
Profit (loss) for the period	1.7	-0.6		2.3
Net financial position (debt)	8.5	-23.1	7.5	1.0
Equity	61.8	31.8	59.8	2.0

* 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 (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. 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 6 November 2015 continues as forecast.

Events after the reporting period

On 10 May 2018, the Supreme Court of Cassation heard the case relating to the Turin regional tax court's ruling of 17 February 2010 which admitted Pininfarina S.p.A.'s appeal, cancelling the VAT assessment notices issued by the tax authorities for 2002 and 2003. While awaiting the outcome of the hearing, Pininfarina S.p.A. still expects the dispute to end in its favour, as it remains confident about the grounds of its arguments.

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



Outlook for 2018

Consolidated revenue, EBIT and net financial position are all expected to improve in 2018 compared to the previous year based on the results achieved in the first quarter of this year.

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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)

	Q1 2018	%	Q1 2017	%	Variation	2017
Revenue from sales and services	25,219	88.72	14,853	80.05	10,366	79,642
Change in inventories and contract work in progress	1,187	4.18	1,888	10.19	(701)	50
Other revenue and income	2,018	7.09	1,813	9.77	205	7,410
Revenue	28,424	100.00	18,554	100.00	9,870	87,102
Net gains on the sale of non-current assets	83	0.29	-	-	83	137
Materials and services (*)	(12,523)	(44.06)	(6,663)	(35.91)	(5,860)	(35,245)
Change in raw materials	18	0.06	25	0.13	(7)	85
Value added	16,002	56.31	11,916	64.22	4,086	52,079
Labour cost (**)	(11,923)	(41.95)	(11,003)	(59.30)	(920)	(44,596)
EBITDA	4,079	14.36	913	4.92	3,166	7,483
Amortisation and depreciation	(940)	(3.31)	(744)	(4.01)	(196)	(3,023)
(Additions to)/utilisation of provisions and impairment losses	(9)	(0.03)	5	0.03	(14)	(232)
EBIT	3,130	11.01	174	0.94	2,956	4,228
Net financial expense	(555)	(1.95)	(474)	(2.56)	(81)	(2,107)
Gain on the extinguishment of financial liabilities	-	-	-	0.00	-	-
Share of profit of equity-accounted investees	3	0.01	4	0.02	(1)	12
Profit (loss) before taxes	2,578	9.07	(296)	(1.61)	2,874	2,133
Income taxes	(481)	(1.69)	(59)	(0.32)	(422)	(821)
Profit (loss) for the period/year	2,097	7.38	(355)	(1.92)	2,452	1,312

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.2 thousand and €2.9 thousand for the first quarters of 2017 and 2018, respectively).

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

	31.03.2018	31.12.2017	Variation	31.03.2017
Net non-current assets (A)				
Net intangible assets	7,366	1,672	5,694	1,781
Net property, plant and equipment and investment property	49,398	49,557	(159)	49,839
Equity investments	882	349	533	341
Total A	57,646	51,578	6,068	51,961
Working capital (B)				
Inventories	3,078	1,876	1,202	3,660
Net trade receivables and other assets	27,882	31,439	(3,557)	17,891
Assets held for sale	135	252	(117)	-
Deferred tax assets	874	881	(7)	1,002
Trade payables	(29,945)	(26,784)	(3,161)	(14,718)
Provisions for risks and charges	(596)	(596)	-	(406)
Other liabilities (*)	(6,410)	(7,010)	600	(5,463)
Total B	(4,982)	58	(5,040)	1,966
Net invested capital (C=A+B)	52,664	51,636	1,028	53,927
Post-employment benefits (D)	4,653	4,789	(136)	4,863
Net capital requirements (E=C-D)	48,011	46,847	1,164	49,064
Equity (F)	61,131	58,803	2,328	30,455
Net financial position (G)				
Non-current loans and borrowings	24,122	24,275	(153)	26,421
Net current financial position	(37,242)	(36,231)	(1,011)	(7,812)
Total G	(13,120)	(11,956)	(1,164)	18,609
Total as in E (H=F+G)	48,011	46,847	1,164	49,064

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

PININFARINA GROUP
Net financial position (debt)

(€'000)

	31.03.2018	31.12.2017	Variation	31.03.2017
Cash and cash equivalents	31,729	39,785	(8,056)	27,274
Current assets held for trading	9,067	-	9,067	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties and joint ventures	-	-	-	(16,034)
Current portion of bank loans and borrowings	(3,554)	(3,554)	-	(3,428)
Net current financial position	37,242	36,231	1,011	7,812
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	651	100	551	131
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(24,773)	(24,375)	(398)	(26,552)
Non-current loans and borrowings	(24,122)	(24,275)	153	(26,421)
NET FINANCIAL POSITION (DEBT)	13,120	11,956	1,164	(18,609)

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

	Q1 2018	%	Q1 2017	%	Variation
Revenue from sales and services	17,409	89.23	7,491	75.02	9,918
Change in inventories and contract work in progress	318	1.63	908	9.09	(590)
Other revenue and income	1,785	9.15	1,587	15.89	198
Revenue	19,512	100.00	9,986	100.00	9,526
Net gains on the sale of non-current assets	83	0.43	-	-	83
Materials and services (*)	(10,361)	(53.11)	(3,931)	(39.37)	(6,430)
Change in raw materials	18	0.09	25	0.25	(7)
Value added	9,252	47.42	6,080	60.89	3,172
Labour cost (**)	(6,170)	(31.62)	(5,677)	(56.85)	(493)
EBITDA	3,082	15.80	403	4.04	2,679
Amortisation and depreciation	(745)	(3.81)	(562)	(5.63)	(183)
(Additions to)/utilisation of provisions and impairment losses	(5)	(0.03)	11	0.11	(16)
EBIT	2,332	11.95	(148)	(1.48)	2,480
Net financial expense	(534)	(2.74)	(466)	(4.67)	(68)
Profit (loss) before taxes	1,798	9.21	(614)	(6.15)	2,412
Income taxes	(58)	(0.30)	-	-	(58)
Profit (loss) for the period	1,740	8.92	(614)	(6.15)	2,354

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.2 thousand and €2.9 thousand for the first quarters of 2017 and 2018, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€2.3 thousand and €2.3 thousand for the first quarters of 2017 and 2018, 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)

	31.03.2018	31.12.2017	Variation
Net non-current assets (A)			
Net intangible assets	6,127	451	5,676
Net property, plant and equipment and investment property	40,339	40,406	(67)
Equity investments	22,107	21,578	529
Total A	68,573	62,435	6,138
Working capital (B)			
Inventories	1,744	1,407	337
Net trade receivables and other assets	19,195	22,193	(2,998)
Assets held for sale	135	252	(117)
Trade payables	(27,797)	(24,616)	(3,181)
Provisions for risks and charges	(589)	(589)	-
Other liabilities	(4,099)	(4,750)	651
Total B	(11,411)	(6,103)	(5,308)
Net invested capital (C=A+B)	57,162	56,332	830
Post-employment benefits (D)	3,908	4,047	(139)
Net capital requirements (E=C-D)	53,254	52,285	969
Equity (F)	61,775	59,795	1,980
Net financial position (G)			
Non-current loans and borrowings	22,515	22,725	(210)
Net current financial position	(31,036)	(30,235)	(801)
Total G	(8,521)	(7,510)	(1,011)
Total as in E (H=F+G)	53,254	52,285	969

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

	31.03.2018	31.12.2017	Variation
Cash and cash equivalents	25,798	34,064	(8,266)
Current assets held for trading	9,067	-	9,067
Current finance lease liabilities	-	-	-
Loans and borrowings - related parties	(335)	(335)	-
Current portion of bank loans and borrowings	(3,494)	(3,494)	-
Net current financial position	31,036	30,235	801
Non-current loans and receivables - related parties	2,123	1,500	623
Non-current finance lease liabilities	-	-	-
Non-current bank loans and borrowings	(24,638)	(24,225)	(413)
Non-current loans and borrowings	(22,515)	(22,725)	210
NET FINANCIAL POSITION	8,521	7,510	1,011



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.	-	-	101,020	-	5,333	-	550	-
Signature S.r.l.	18,300	21,466	550,000	-	15,000	17,595	-	-
Mahindra&Mahindra Ltd	2,074,148	-	-	-	2,187,171	-	-	-
Mahindra Graphic Research Design S.r.l.	-	275,862	-	-	-	215,644	-	-
Tech Mahindra Ltd	138,718	653,471	-	-	123,560	314,933	-	-
Tech Mahindra GmbH	10,115	-	-	-	16,378	-	-	-
Ssangyong Motor Company	179,150	-	-	-	164,675	-	-	-
Total	2,420,431	950,799	651,020	-	2,512,117	548,172	550	-

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.;
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A. 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.;
- 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;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A..

In addition to the above figures, Studio Starcllex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the parent for €9,000, while Greta Pininfarina provided employee services to Pininfarina Extra S.r.l. for a cost of approximately €8,500.

Directors' and statutory auditors' fees

(€'000)	Q1 2018	Q1 2017
Directors	152	153
Statutory auditors	27	27
Total	179	180

**Related party transactions - Pininfarina S.p.A.**

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
Pininfarina Extra S.r.l.	95,586	107,619	72,676	334,576	76,824	86,419	-	-
Goodmind S.r.l.	-	-	-	-	5,333	-	-	-
Signature S.r.l.	-	-	550,000	-	-	-	-	-
Pininfarina Deutschland Holding GmbH	-	-	-	-	-	-	-	-
Pininfarina Deutschland GmbH	-	-	1,500,000	-	-	-	2,685	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	205,200	15,000	-	-	-	15,000	-	-
Mahindra&Mahindra Limited	1,996,086	-	-	-	2,151,432	-	-	-
Mahindra Graphic Research Design S.r.l.	-	275,862	-	-	-	215,644	-	-
Tech Mahindra Ltd	15,760	653,471	-	-	4,960	314,933	-	-
Ssangyong Motor Company	179,150	-	-	-	164,675	-	-	-
Total	2,491,782	1,051,952	2,122,676	334,576	2,403,224	631,996	2,685	-

Intragroup transactions include:

- 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 domestic tax consolidation agreement;
- Goodmind S.r.l.: lease for equipped office premises terminated in February 2018;
- Signature S.r.l.: loan agreement;
- Pininfarina Deutschland GmbH: loan agreement;
- Pininfarina Automotive Engineering (Shanghai) Co Ltd: services agreement;
- Mahindra & Mahindra Ltd: brand licence agreements and engineering services agreements;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements;
- Tech Mahindra Ltd: services agreement;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A..

In addition to the above figures, Studio Starcllex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the company for €9,000.

Directors' and statutory auditors' fees

(€'000)	Q1 2018	Q1 2017
Directors	87	87
Statutory auditors	25	25
Total	112	112

The total fees to Pininfarina SpA.'s key management personnel approximate €0.24 million for the first three months of 2018.