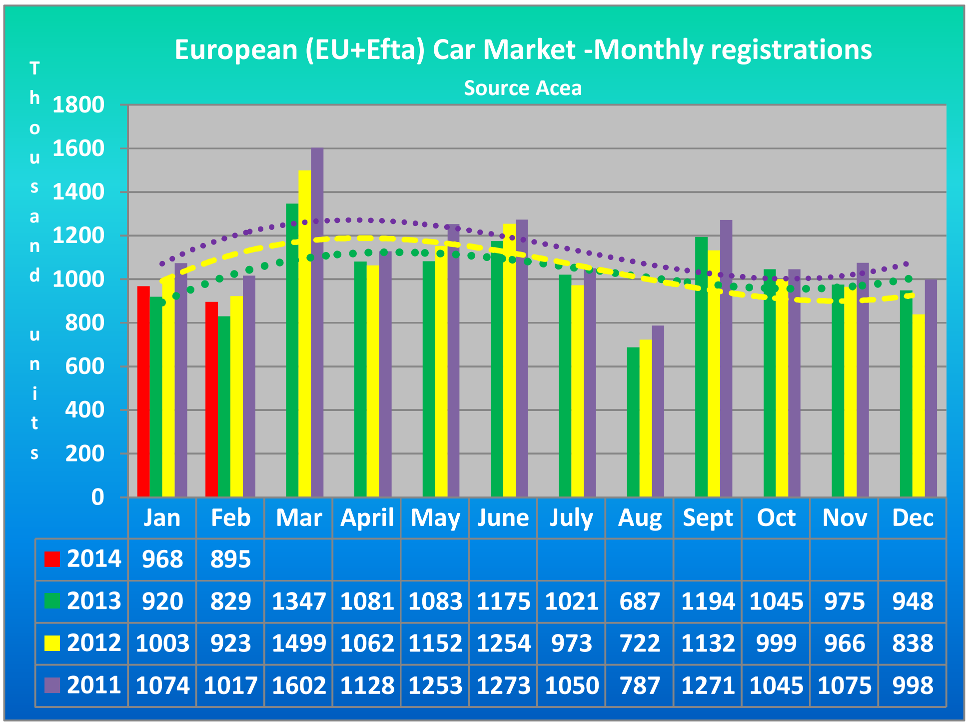
Press Release

European Car Market (EU+Efta) - New car registrations in February 2014

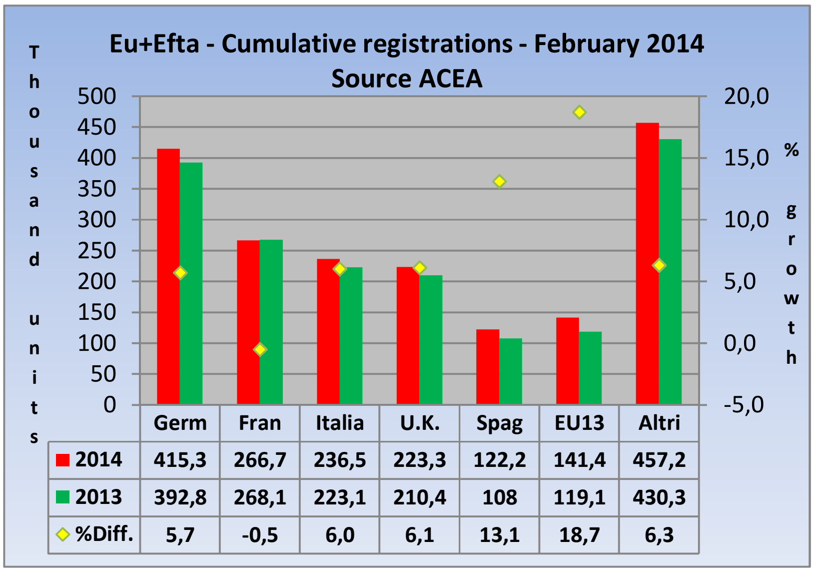
Torino, March 18, 2014

Eighth consecutive month of recovery of the European car market (EU + EFTA): +7.6% in February, with 894,730 units registered. However, it should be emphasized that the result of February is the second lowest result for the month since 2003. Cumulatively in the two months 1,862,597 units were registered, 6.3 % more than in the same two months last year.



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2014	968	895										
2013	920	829	1347	1081	1083	1175	1021	687	1194	1045	975	948
2012	1003	923	1499	1062	1152	1254	973	722	1132	999	966	838
2011	1074	1017	1602	1128	1253	1273	1050	787	1271	1045	1075	998

In February, good performances in Spain (+17.8%) and Italy (+8.6%), more modest those of Germany (+4,3%) and Great Britain (+3%). Negative the result of France that loses 1,4%. Very good results instead of EU13 (+25.3%). Up also the EFTA area (+7.6%) and most of the markets of Northern Europe. Cumulatively in the two months the best was the area of EU13 that rose by 18.7%, followed by Spain with 13.1%. Around 6% the increases in the UK, Italy, Germany and EFTA area. France goes down instead of 0.5%. Continue to be excellent the results in Portugal (+36.2%) and Ireland (+26.7%). More modest (on average around 6%) the results in most of the countries of Northern Europe.



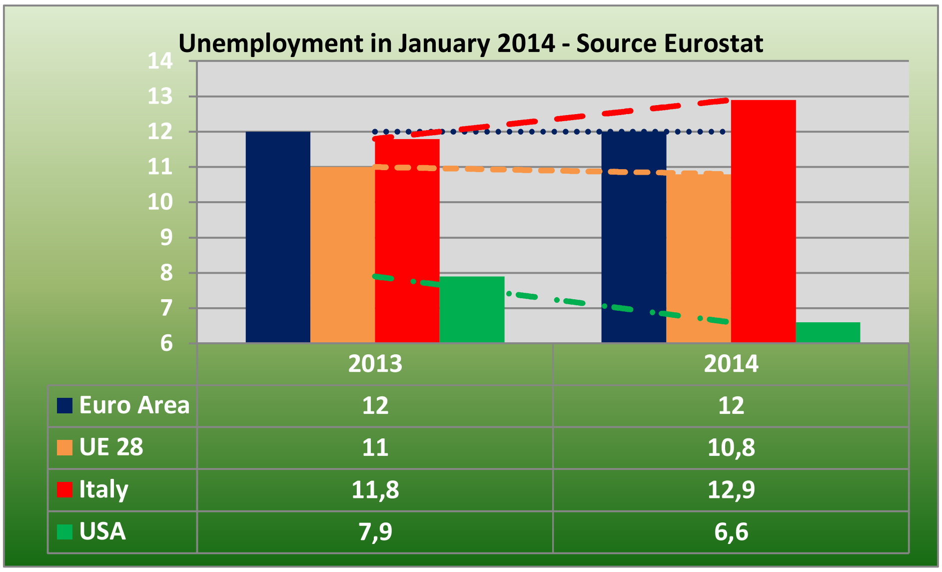
	Germ	Fran	Italia	U.K.	Spag	EU13	Altri
2014	415,3	266,7	236,5	223,3	122,2	141,4	457,2
2013	392,8	268,1	223,1	210,4	108	119,1	430,3
%Diff.	5,7	-0,5	6,0	6,1	13,1	18,7	6,3

6.5 % the share of the Fiat Group in the two months past year, down from 6.8% a year ago.

Geneva Motor Show, the annual Kermesse of cars, closed last Sunday and saw the presence in the city and at the show of all the major leaders in

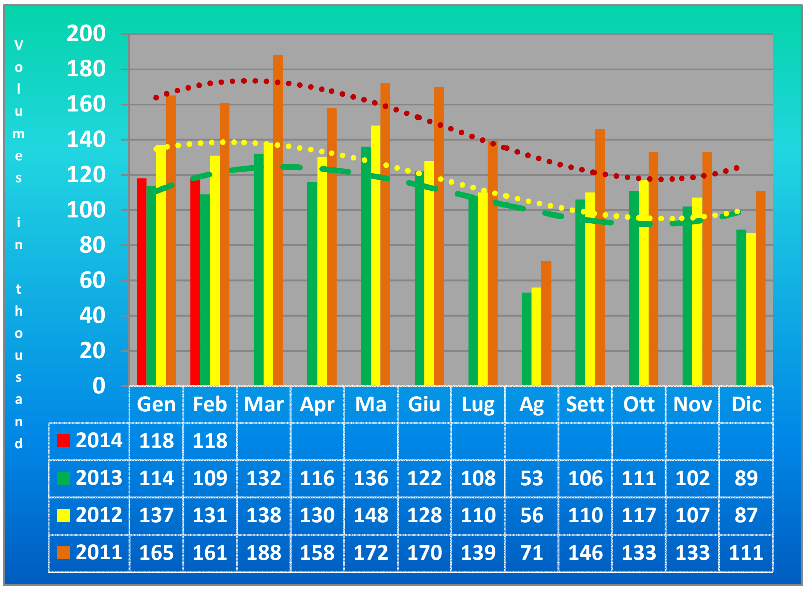
the industry. During the event it was possible to breathe an atmosphere of increased confidence in the future of the market, emphasized by the novelties exposed .
For a quick overview of the cars exposed you can link to:
http://centrostudisubalpino.it/files/Presentazione-Salone-Ginevra-2014.pdf

Looking into the near future more pragmatically the latest available data on GDP for the 4th quarter in most European countries, reviewed in early March by Eurostat, show a general progress of all countries with the EU17 which progresses by 0,3% and EU28 by 0,4% . Italy also shows a modest first positive sign. All signals that are comforting as to the development of the economy in general this year. Also unemployment fell slightly in January compared to the previous month and the same month in 2012 in the EU: from 11% to 10.8%, stable at 12% since October the Eurozone; further increase to 12.9% in Italy (12.7% in December). Compared to January 2013, the Italian unemployment rises by 1.1 points. Always well over 40% among young people.



But as far as the automotive sector is concerned, in spite of the good results of February is difficult venture to predict that the final result of this year may significantly exceed the 2013 figure, at least in the opinion of many analysts and Manufacturers. In fact, given the general decline in income and consumption last year, according to some observers we should not wait for a real recovery before 2015, especially in the euro area, even in the presence of an increase in GDP.. Most commentators think of an increase in registrations of no more than 2/3%.

As we have seen continues to increase, even in February, the Italian car market: 118 328 units registered, up 8.6 % over February of last year, a month, however, that was particularly negative. In two months the cumulative increase is of 6% to 236,500 units. Only for sake of statistics in February 2007 247.189 units were registered, more than double the figure for this year and even higher than the first two months of this year. Falls in the two months the share of domestic brands, from 29.3 % last year to 28.3 % this year.



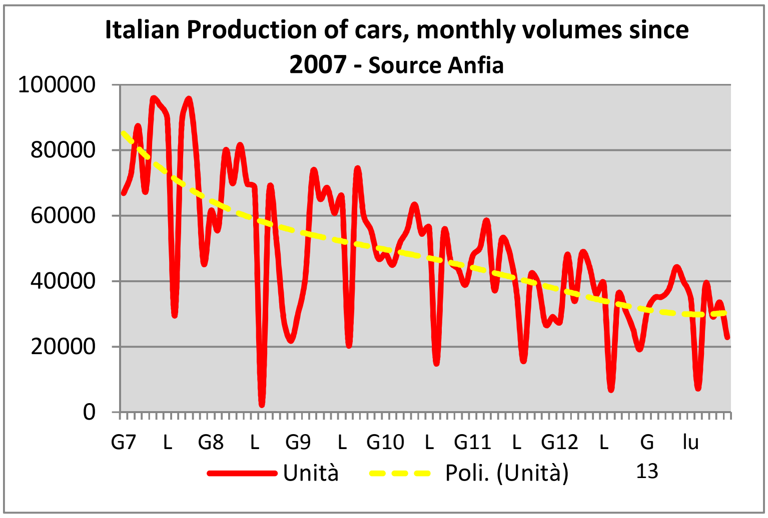
Even in presence of the second positive result in the year just begun, after almost four years of losses, it is still difficult to draw any positive indications for the foreseeable future, because the comparison is always with the data extremely negative of last year, already the lowest since 2007. Meanwhile of course we hope that the market will continue in the positive trend, but in our view we still remain far from the time of a structural exit from the crisis. The ongoing economic difficulties that our economy is still struggling with and the lack so far of any concrete measure for the economy in general and for the resumption of the sector stress the fact.

Since a few days Italy has a new government, born for an internal decision of the Democratic Party (PD) which cleared the previous government and replaced Mr. Letta with Mr. Renzi, secretary of the party. The government, however, rests on the same majority of the previous government, and that will condition the action.

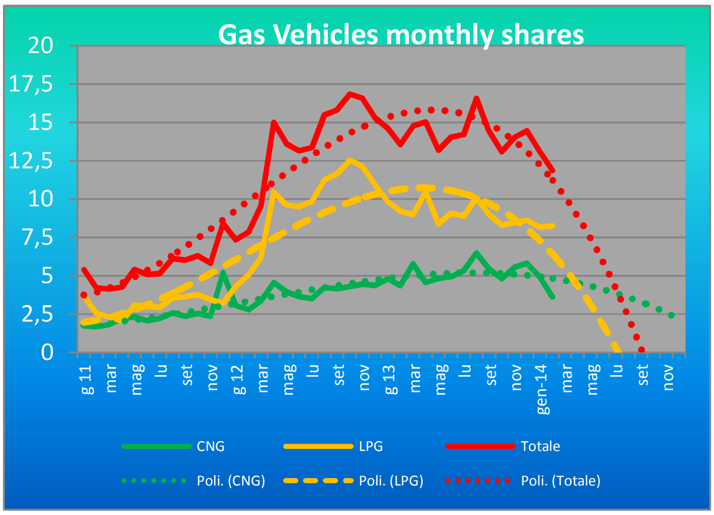
Matteo Renzi started with decision, promising, among other things, an immediate reduction of the tax wedge for € 10 billion, the payment by Cassa Depositi e Prestiti of another 60 billion in debt of the public administration to the economic system, and a significant reduction of IRAP . But no precise indication has been given about the coverage of costs, but since the spending review this year can provide a maximum of 5/6 billion is expected to show up a further increase in general taxation , perhaps with a further increase in the taxation of financial income . And a first step in this sense is the decision to increase the rate of Tasi, and according to some calculations that would become higher than IMU. Meanwhile, the IMF has reduced to 0.6% the GDP growth for the current year and the latest unemployment figures show in January a further increase to 12.9%, a figure never reached after 1977, the year in that these surveys have begun. This has resulted in the decision of a quick approval of a smoky " Jobs Act " that would jump-start the private and public investment and boost employment.

What was immediately promised is an increase of € 1,000 net per year on salaries of less than € 1,500 per month, and introduced greater flexibility for temporary contracts. No benefit is provided instead for the self-employed, retirees (for which it was even aired a further contribution of solidarity) etc., so that someone had the impression of a maneuver in view of the upcoming European elections ....

However, even if these promises are kept, they will not be reflected in the automotive industry sector. Indeed since the beginning of the month a further increase in excise taxes on fuel was decided: petrol increased by 0.24 cents per liter, while diesel 0.34 cents per liter. The burden was predicted in August of last year as funding for various items of Fare Decree. The increase will remain in effect until at least December31. The market will therefore continue to remain weak given the problems that remain unchanged in the industry. The problems that the government will face in the coming months are so heavy with few prospects , as far as the car in particular is concerned , that action be taken on the issue such as a tax burden out of control, with a cost of fuel at the highest levels in Europe , and rising costs for insurance and tolls.



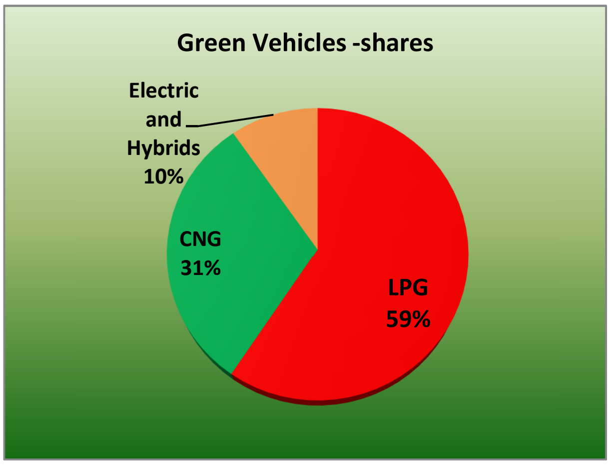
As to the Italian production of cars, which was affected by the decline in demand unions internal issues that are



typically Italian, the final volume reached in 2013 was of 388,465 units produced, 2.1 % less than the corresponding period of 2012.

Drops dramatically in the month the market for gas-powered vehicles, from 14.1 % at year end to 11,9%, especially for the drop in natural gas vehicles . Together with the share of electric and hybrid alternative fuel vehicles stood at 13.23% in February , down from the year-end values

The diesel is confirmed at 55.4% (54.41% last year) and gasoline drops to 31.4% against 32.3% in February last year. Among the environmentally friendly engines grows in the two months the relative importance of electric / hybrid vehicles.



Emilio di Camillo – Centro Studi Subalpino – march 2014