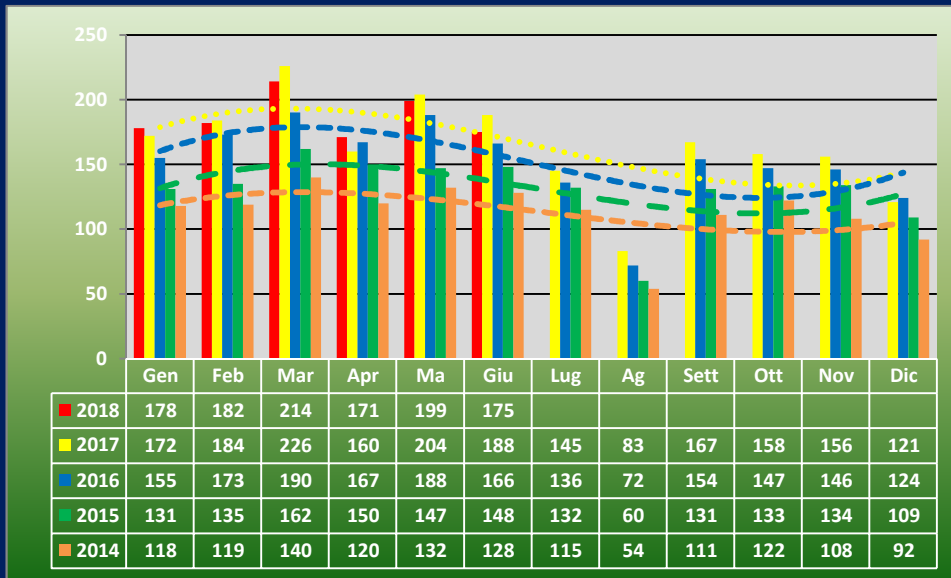


Italian Car Market: June 2018 registrations

The Italian car market fell sharply in June: -7.3%, with 174,702 units registered. In the first semester of the year 1,120,829 units were registered, 1.5% less than the same period last year.

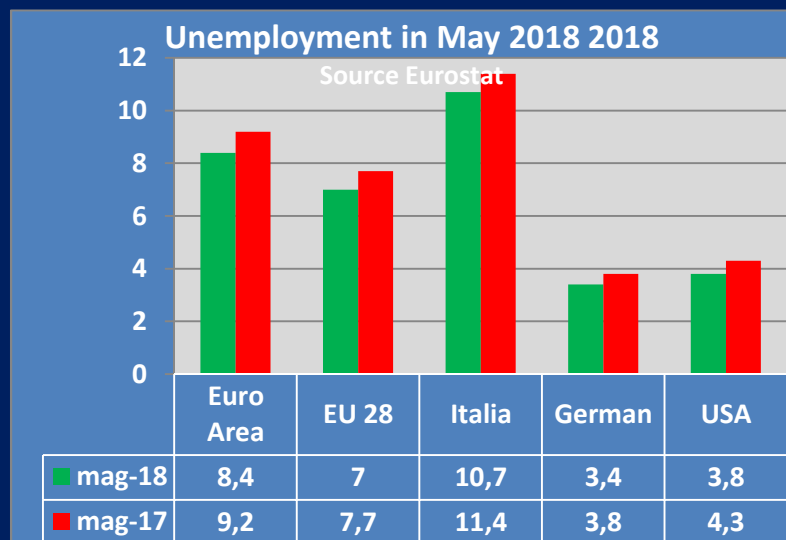
Monthly registrations trend ('000 units) Source Min. Trasporti/Anfia/Unrae



According to Anfia: "The negative trend in the auto market is due, in particular, to the heavy decline of diesel cars, which in June 2018 underwent a reduction of 17% compared to June 2017 (the largest monthly decline since December 2017, month that has recorded the first drop in diesel car sales), while in the first 6

months the decline was 6%. The market, without diesel cars, grew by 6% in June 2018 and by 5% in the first semester.

According to Unrae: "The slowdown in the market is also a result of the climate of uncertainty that is taking place on potential customers, fueled by avoidable advances on the decisions that will be made in the future on mobility". As regards the current market dynamics, the analysis of the structure reveals a slight downturn of private individuals (-0.5%) which, due to a general decrease in the other sales channels, recovers market share to reach 55,4%. However, the cumulative results for the first 6 months indicate

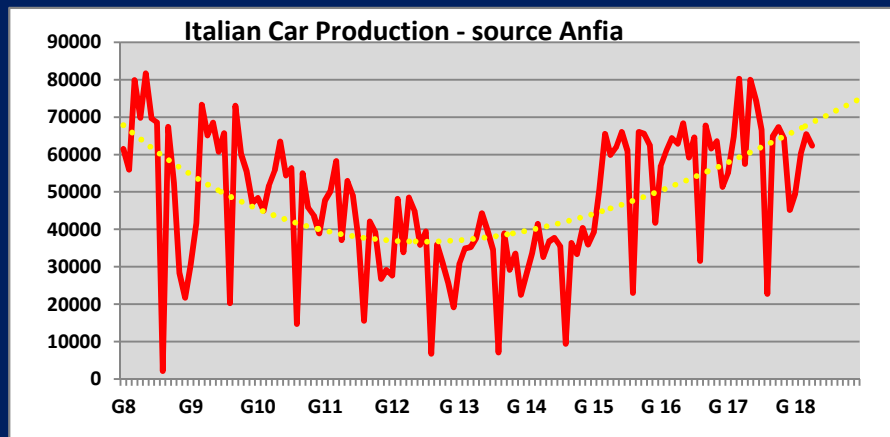


a reduction in household purchases of 5.1% and a decrease of 2 percentage points (53.7% of the total). The rental and the companies show a double-digit decline, the result of the comparison with a strong push in June last year.

One month after the official start, the Government of collaboration between the Movimento 5 Stelle and the Lega has been particularly active on the problem of immigration, thanks to the protagonism of Minister Salvini, but only today an economic bill has been presented by Di Maio.

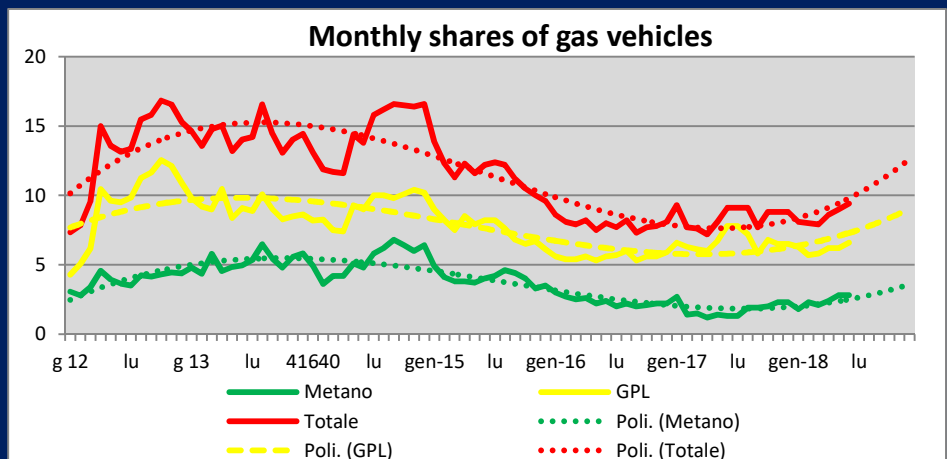
An indirect leadership by the Lega on the Government is evident, which is increasing its appeal on the electorate according to the latest research. It always remains difficult to anticipate what duration this absolute novelty will have in the political landscape of our Republic, nor which of the economic measures that ensured the electoral victory of the two ruling parties (Citizenship revenue and Flat Tax) will actually be adopted.

According to Eurostat, both youth and general unemployment fell significantly in May (see table)

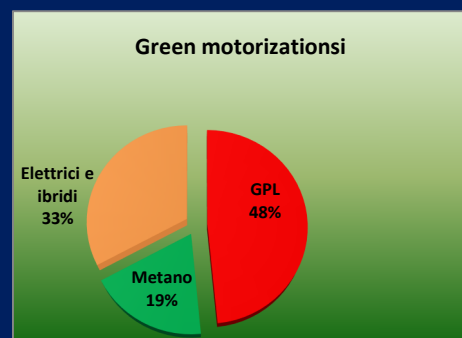


As far as the automotive sector as a whole is concerned, in the first four-month period the production of cars decreased, 9.5% lower than the first four months of 2017. **The share of gas vehicles rose to 9.4% compared to 9% last month, and also rose compared to 8.1% a year ago.**

Together with electric and hybrid, the share of vehicles with alternative fuels to oil stood at 14.2% in June, up compared to 13.2% last month. In the month the diesel rises to 52.8% compared to 51.7% last month (but it was 58.8% in June last year). Gasoline vehicles



dropped to 33.1% compared to 35.2% in May. They were at 29.6% in June last year. As for the eco-compatible engines, the proportions between the various alternatives in July continue to shift in favor of the electric, but with a good recovery of CNG.



Emilio di Camillo – www.centrostudisubalpino.it - July 2018