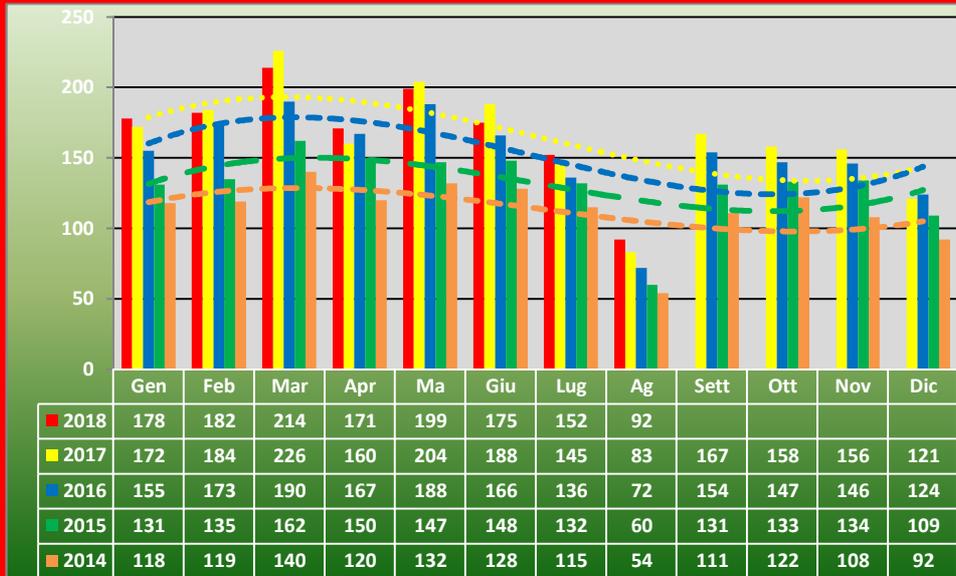


Italian Car Market: registrations in August 2018

The Italian car market continues to increase: in August: + 9.5% with 91,551 units registered. In the first eight months of the year 1,364,947 units were registered, 0.1% less than in the same period last year.

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



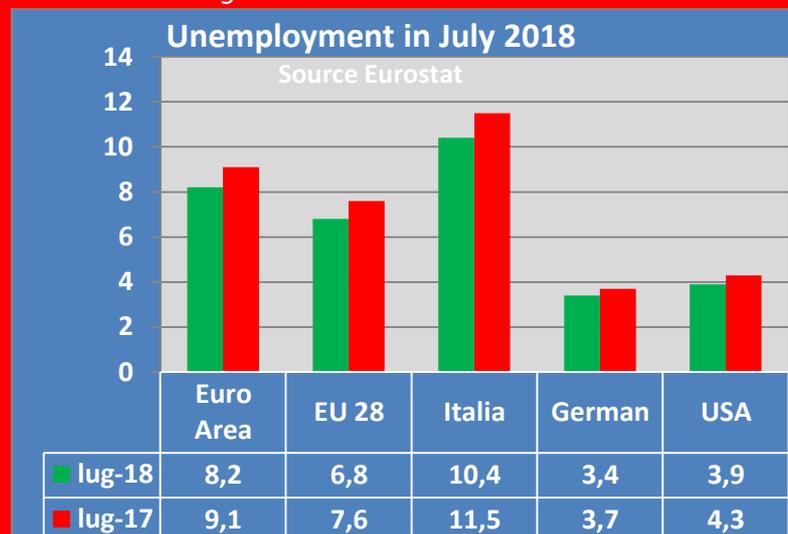
According to Anfia: "In August 2018 the car market continues to grow, registering a significant increase (+ 9.5%) compared to August 2017, which had already closed up in double figures (+16.1%). Return to rise, in August 2018, after six consecutive monthly drops, the registrations of diesel cars, up by 6% in the

month, with a market share of 55.8% (it was 50.8% in July), while still falling by 5.4% in the progressive 2018.

Lastly, the good performance of alternative fuel vehicles continues, accounting for 14.8% of the total registered in August, with an increase of 27% in the month and 17.5% in the cumulated".

According to Unrae: On 1 September the new European vehicle registration rules came into force on the basis of emissions tested also with real tests (new WLTP and RDE homologation methodologies), so many sales networks needed to accelerate the passage of product generation and, therefore, the market has registered a substantial increase.

Despite the positive result of August, the market maintains its level of uncertainty. In particular, looking towards the next Stability Law, UNRAE expresses strong concern about the risk of increasing the VAT contained in art. 2 of the Budget Law 2018 which would provide for the increase of the ordinary rate in 2019 by 2.2 points to 24.2% to reach 24.9% in the following year and 25% in 2021, bringing Italy among the few countries with the highest rate in Europe and certainly with the

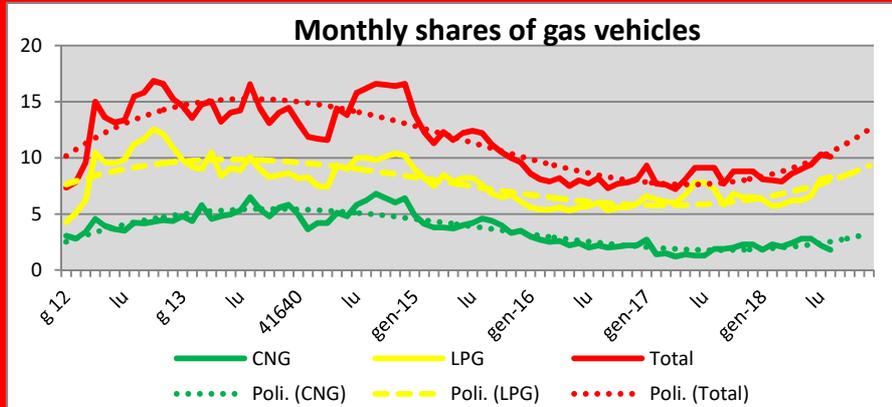
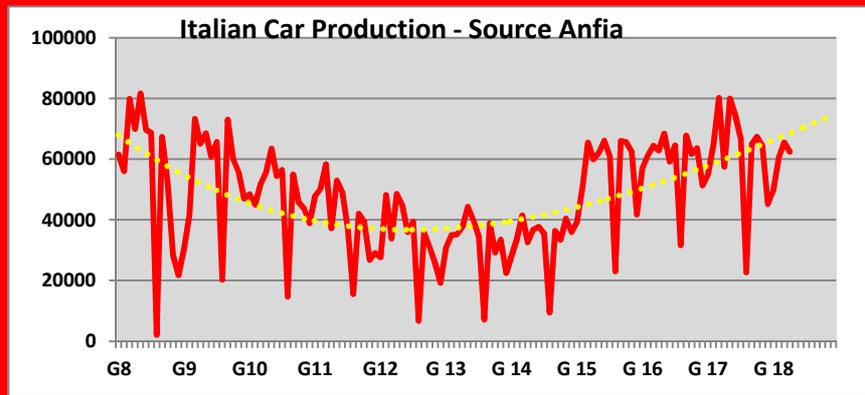


highest among the 5 major markets."The increase in VAT could induce a stagnation of consumption in our country, with effects on the general macroeconomic situation"

The month of August has been spent in a continuous electoral confrontation between Lega and M5S, based on the possible overcoming of the budget deficit to 3% of GDP to finance the income of citizenship, Flat tax and reform of the law Fornero.

For the time being, the Minister of Finance continues to reiterate a position that is more in line with European demands, but in the meantime the Spread and interest on BTPs continues to increase. In any case, in the next days the two majority parties will have to agree on the draft budget law. Meanwhile, the unemployment rate declined in July to 10.4% compared to 10.8% in June. Youth unemployment also falls in July, from 31.8% in June to 30.8%.

It always remains difficult to anticipate the duration of the government, also because according to the latest polls the Lega continues to increase at the expense of the M5S. As far as the automotive sector as a whole is concerned, in the first 6 months the production of cars has decreased, down by 6% compared to the first 6 months of 2017. It fell to 10.1% compared to



10.3% last month, but up compared to 9.1% a year ago, the share of gas vehicles.

Together with electric and hybrid, the share of vehicles with alternative fuels to oil stood at 14.8% in August compared to 15.9% last month. In the month the diesel rises to 56.1% compared to 51%

last month (but it was 57.7% in August last year). Gasoline vehicles fall to 29.1%. They were at 29.6% in August last year.

For what concerns the environmentally friendly engines the proportions between the various alternatives in August continue to shift in favor of the electric. .

