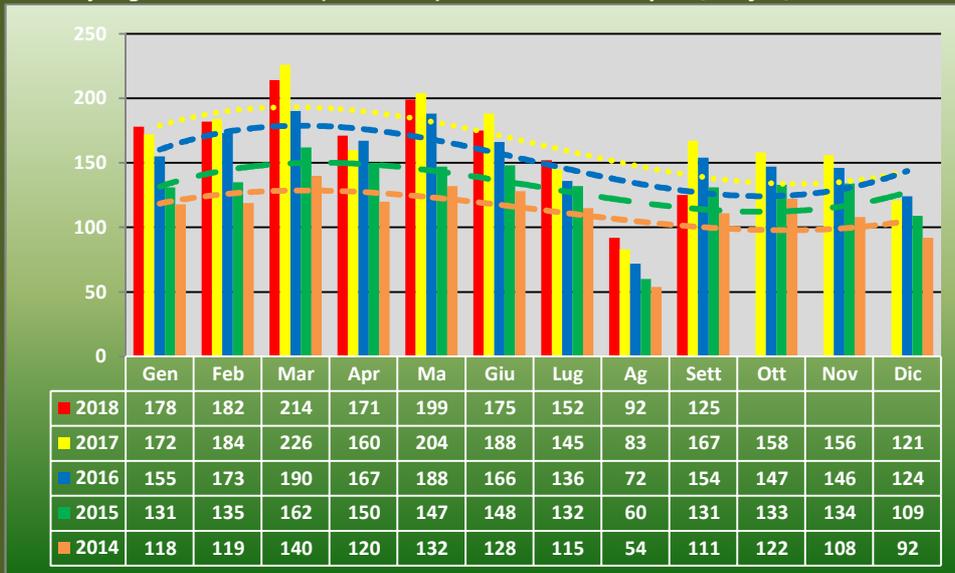


Italian Car Market: registrations in September 2018

After an unusually high summer quarter, the Italian car market dropped dramatically in September: -25.4% in the month with 124,976 units registered. 1,491,261 units were registered in the first nine months of the year, 2.8% less than the same period last year.

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

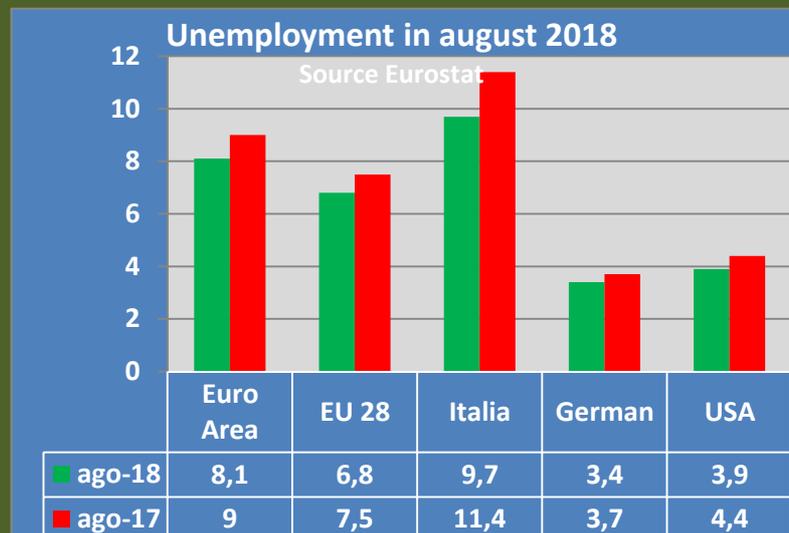


According to Anfia: "The decline recorded in the month follows a summer quarter with unusually high volumes determined by the introduction, starting from 1 September, of the new regulations on emissions and, therefore, of the obligation to register exclusively cars equipped with a Euro

6C and 6D temp. The growth in registrations above the average in July and August led to a compensatory effect in the following month. To correctly interpret this discontinuity of the market, it is advisable to compare the trend of the third quarter of 2018 with the same period of 2017, showing a contraction decidedly more contained and equal to -6.9%. The situation is however destined to normalize in the fourth quarter of 2018 with the disposal of Euro 6B car stocks".

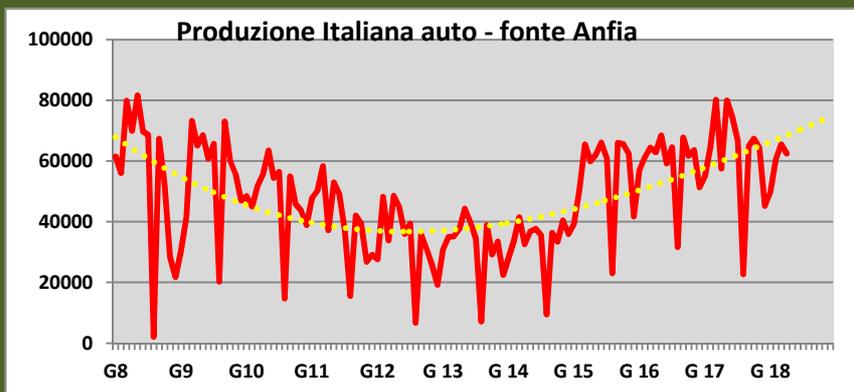
Also according to Unrae: After the positive impact on the month of August, the entry into force from 1 September of the new vehicle type approval standards and the consequent advance of purchases on the previous month, generated a negative effect on September sales which, also due to the unavailability of these new products by some brands and one working day less, marked a substantial double-digit decline.

Unrae then emphasized that diesel



engines in September lost 38.3% of volumes, falling by 10 points to stop at 47.9% of the total market. In the cumulated first 9 months the share is 53.3% (-3.5 p.p.). This is due to the "demonization" campaigns of diesel cars that are disorienting and frightening customers, also in light of the impact on the residual value of their car ". In fact, an analysis carried out by the UNRAE Study and Statistics Center shows that in the three main cities by number of annual registrations, diesel passenger car sales by private customers are shrinking considerably ".

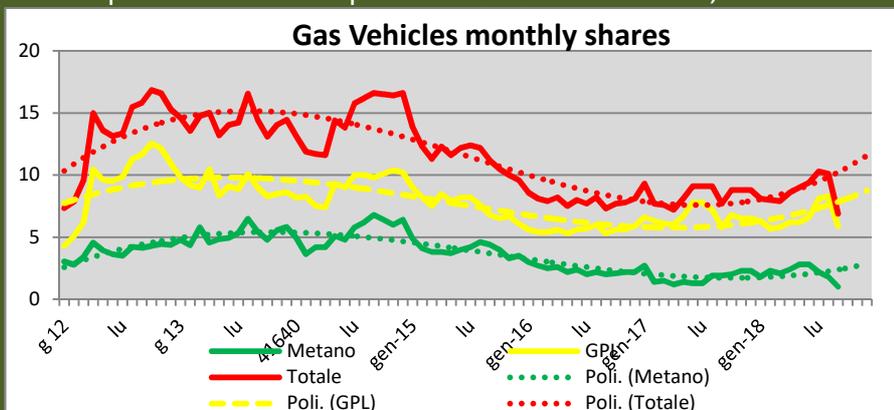
Last September 27th the Council of Ministers approved the update note to the DEF, which foresees a 2.4% deficit for the next three years, compared to 1.6% which Minister Tria seemed to insist on and that would probably have been accepted by the EU. The concern arises above all from the intention to finance with the deficit welfare initiatives such as citizenship and pension



income and the amendment of the Fornero law. Only modest measures to reduce the tax burden. The concern of the President of the Republic was also perceived on this issue. The first reaction of the markets was a loss of almost 4% of the stock exchange and a rise of over 50 points in the spread.

Meanwhile, the unemployment rate declined to 9.7% in August, the lowest figure since 2012, compared to 10.2% last July and 11.4% in August last year. Youth unemployment remained almost stable compared to July, but down compared to 34.5% a year ago. As far as the automotive sector as a whole is concerned, domestic car production in July is around 61,500 units, down 7.5% compared to July 2017. In the first seven months of the current year, production of passenger cars exceeds 447,000 units, 6.5% less than in the same period of 2017.

It collapsed at 6.9% compared to 10.1% last month, but also compared to 9.1% a year ago, the

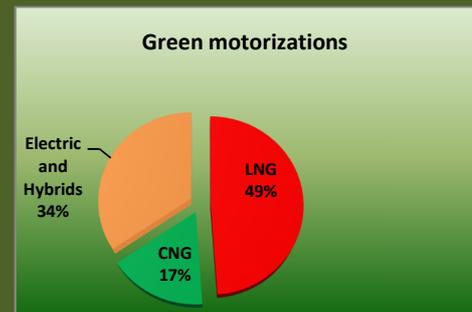


share of gas vehicles. Together with electric and hybrid, the share of vehicles with alternative fuels to oil stood at 13.4% in September compared to 14.8% last month, due to the decline in sales of LPG and CNG vehicles. In the month the diesel dropped to 47.9% compared to 57.9% last year

and compared to 56.1% last month. Cumulatively in the first nine months the share of diesel fell to 53.3% compared to 56.8% a year ago. Petrol vehicles rose to 38.7% in the month compared to 29.1% in August. In the first 9 months rise to 33.6% compared to 32% in the first 9 months of last year. This situation was created, as mentioned above, by the "demonization" campaigns of diesel

cars that are confusing and frightening customers, also in light of the impact on the residual value of their car.

As a result, for what concerns the environmentally friendly engines, the proportions between the various alternatives in September continue to shift in favor of the electric.



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