

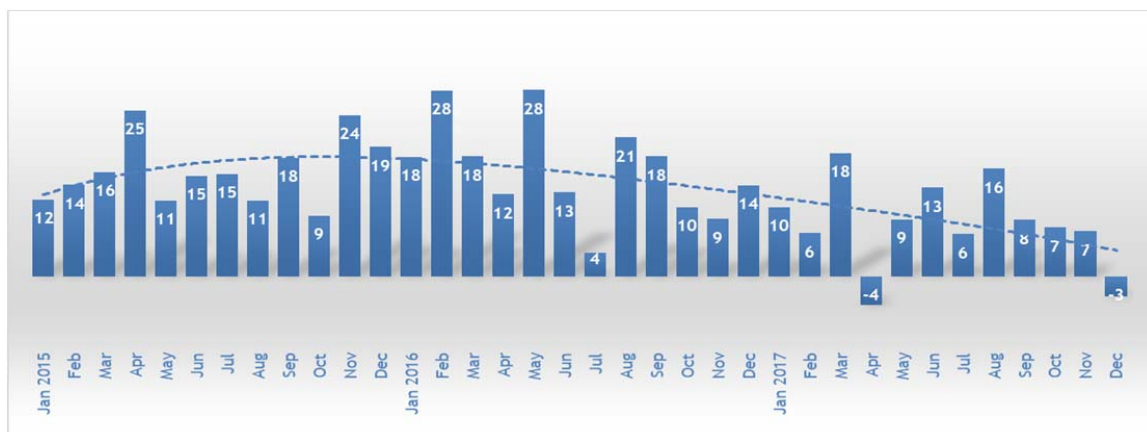
1,971,000 new cars were registered in 2017, + 8% The market is growing for the fourth consecutive year

- With 121,264 new registrations¹ in December there was a 3% downward trend.
- In January-December with 1,970,962 new cars sold, there was an 8% growth trend.
- The alternative power-driven car sector gained 13% of the market in December and 11.7% from the beginning of the year with 230 thousand units sold. In 2017 about 162,000 gas cars, 66,000 hybrid cars (including plug-ins) and 1,967 electric cars were registered. Double the volumes of hybrid plug-in.
- 1 car in 8.6 sold had alternative power in 2017.
- For the first time in the year, diesel cars fell by 5% in December.
- The annual increase was 7% and market penetration remained high: 56.4%.
- The registrations of commercial cars (company, rental and leasing) grew by 23% in the 12 months and captured 45% of the market.
- Sales to private individuals fell: -12% in December -2 % in the 12 months. Sales to private individuals in cities, unlike sales to companies, decreased during the year with diesel cars (-7%) gasoline (-6%), and sales of LPG cars (+28%) and hybrid cars (+77%), probably because of traffic restrictions adopted by city councils to combat air pollution.
- SUVs (of all sizes) consolidated their position claiming 30 % of the market. Cross-over and SUVs establish themselves in all world markets: more than one quarter of the market in the European Union, 43% of light vehicles in the USA and 41% in China.

1

Monthly registration of new passenger cars, changes in % trends

Source: ANFIA based on data from the Ministry of Infrastructure and Transport (Aut. Min. D07161/H4)



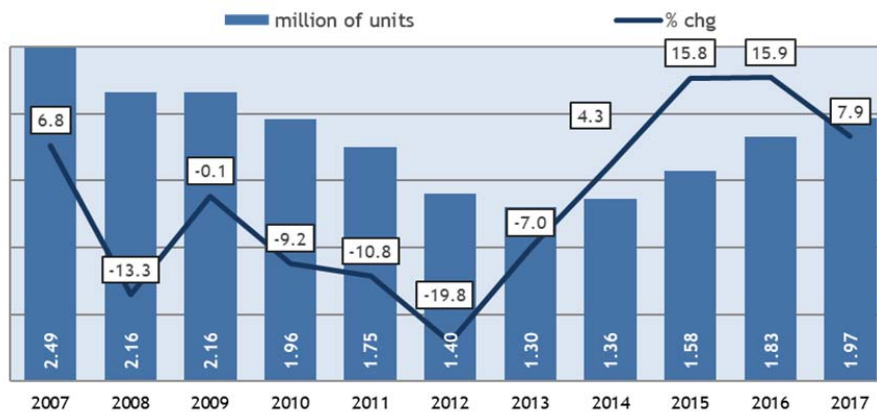
¹ ANFIA editing on CED-MCTC data (Aut. Min. D07161/H4)

Since 2007, a record year of sales with about 2.5 million new cars, the market had suffered a constant decrease in volumes, up to 1.3 million registrations in 2013 on the levels of 30 years before; compared to 2007, the market in 2013 fell by 48%, a negative performance of 1.2 million cars, with very serious repercussions on industrial production and employment. In 2014, the recovery phase began gradually with the average growth rate from 2013 to 2017 being 11% (CAGR). At the end of 2017 almost 2 million units were sold with 1,970,962 new registrations.

The share of national brands, such as FCA Group, Ferrari, Lamborghini and Dr Motor represented 29% of the total market, unlike sales of national brands in France and Germany, which respectively accounted for 54.5% and 69% of the total market in 2017.

New passenger car registrations, volumes and annual % chg

Source: ANFIA from Ministry of Infrastructures and Transport (Aut. Min. DO7161/H4)



The recovery of the passenger car market has benefited in recent years from indirect public actions, such as the 140% super-amortisation, a factor that has favoured fleet renewal and renting. Consequently, even if to a small extent the renewal of the total fleet which, as is well documented, requires a substantial replacement of older, more polluting and less safe cars. Vehicles registered in the Public Automotive Registry with emission standards of Euro 0, 1 and 2 were 9.6 million a quarter of the fleet, which rose to 41% for Euro 3, which alone made up 16% of all registrations.

The calculation of super-amortisation for passenger cars as operating assets had not been provided for in the 2018 Budget Law, despite the efforts of the entire automotive sector to request the extension, possibly even with a lower tax rate.

The commitment of automotive manufacturers to make their products more efficient in terms of fuel consumption, emissions, active and passive safety and with major investments in research and development, contrasts with the sluggish renewal of the fleet in the absence of public intervention. The situation in our country is particularly difficult because there is no widespread local public transport service as an alternative to private cars, so much so that 74% of commuting is done by car (Istat² data). Regional and local authorities, which are required to intervene as a result of exceeding the limits of concentrations of fine particulate matter in the air in order to guarantee the health and mobility of citizens and not to incur fines from the European Commission, are now paying for the inadequacy of local public transport services, which are equipped with a bus fleet that urgently needs to be renewed with efficient and less polluting means. Services that need to be modernised in line with what's on offer in many European cities.

² Istat, the Italian National Institute of Statistics

While for densely populated areas, TPL and new forms of mobility (car sharing, car-pooling, private car hire, bike sharing etc.) can be a valid alternative to private cars, for less populated areas, cars are the only means of mobility which guarantees integration into social life.

European and national public authorities must therefore, at the same time, safeguard the public health of individuals and the environment while guaranteeing people's mobility, social inclusion and economic stability with an automotive industry that employs a large number of people. These are complicated demands, whose solutions are complex and require vision and pragmatism: new cars are certainly a safer, more environmentally friendly and more comfortable product than ten years ago but purchase is not possible for a large section of the population.

EU-Silc³ data shows a significant and widespread increase in disposable income and purchasing power of Italian households (as of 2015), associated with an increase in economic inequality and the risk of poverty or social exclusion. Households with five or more individuals, low income households and single occupancy households are most at risk of poverty or social exclusion. According to the survey published by Istat in 2016 it is estimated that 30% of people living in Italy are at risk of poverty or social exclusion, which is worse than in 2015 (28.7%).

Average prices for purchasing a car rose, due to the growth in SUV sales, which cost slightly more than equivalent saloon cars. Promotions and discounts are an important criterion in the purchase of a vehicle by most consumers. Even cars with a mileage of "km0" (vehicles already registered, they are usually in the name of the dealer, who registers them to reach the targets set by the manufacturer) become almost new cars (with a very low mileage) and therefore are more affordable. More and more funding is being offered, such as leasing or long-term rental to private individuals with tailor-made financing packages for products, services and forms of shared mobility, which transfer vehicle ownership from the private sector to companies, thus promoting the use of the vehicle instead of the property. Company vehicles can be a benefit for the company's condition, a solution that can be advantageous for both companies and their employees. In Germany direct sales to private individuals are "only" 1/3 of the market because company cars are a very popular benefit, which has supported the market and German manufacturers during the crisis years, guaranteeing fleet renewal.

In the absence of any measures to support the replacement of existing older cars, 2018 is expected to be in line with the volumes of 2017.

Consumer and business confidence climate (ISTAT survey). In December 2017, the consumer confidence sentiment index increased from 114.4 to 116.6; the compound index of business confidence remains broadly stable (from 108.8 to 108.9).

The improvement in consumer confidence was mainly due to the positive development of the economy and of the current business segment (from 139.4 to 143.0 and from 110.1 to 112.0 respectively) while the increase is more limited for personal components (from 105.7 to 106.9) and for future components (from 119.9 to 121.3). In more detail, Istat highlights an increase in the balance relative to both opinions and expectations on the country's economic situation as well as a reduction in expectations on unemployment; as far as the personnel situation is concerned, ratings on the family's economic situation improve while expectations will worsen.

With reference to companies, in December there were various signals emerging from the confidence climates of the sectors investigated. In particular, confidence declined slightly in the manufacturing sector (from 110.7 to 110.5), whilst sharply decreasing in construction (from 132.1 to 127.1) and increased in both services and the retail sector (climate change from 108.3 to 108.9 and from 110.1 to 112.3 respectively).

³ ISTAT survey "Living conditions, income and tax burden of households" December 2017

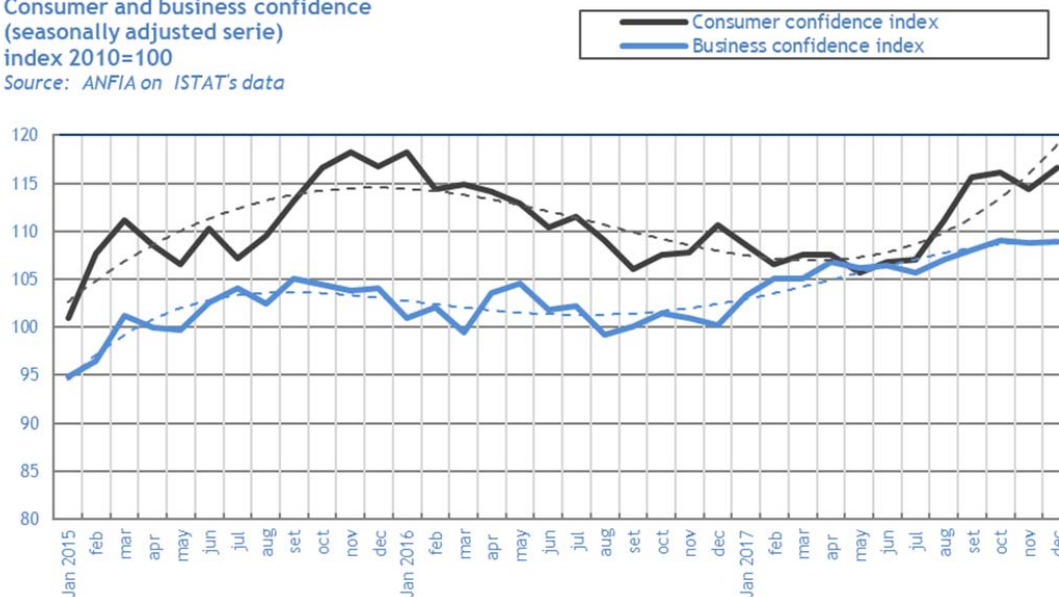
With reference to the components of confidence climates, the Italian National Institute of Statistics reports that in the manufacturing sector the recovery of the level of orders is being further consolidated: the number of orders have increased since last September; on the other hand, production expectations have slightly decreased for the second consecutive month and inventory is considered to be in storage. In the construction sector, the decrease in the index is due both to a worsening of expectations on orders and to possible decreases in employment.

In the economic note of December 2017, Istat showed that in Italy the manufacturing sector continued to record positive signs in terms of both production and exports. The labour market continued to be affected by an increase in employment and the weak pace of unemployment reduction, which was influenced by the increase in inactive people becoming unemployed. Difficulties therefore remain in reaching an unemployment rate in line with pre-crisis levels, despite the significant reduction in the middle part of 2015.

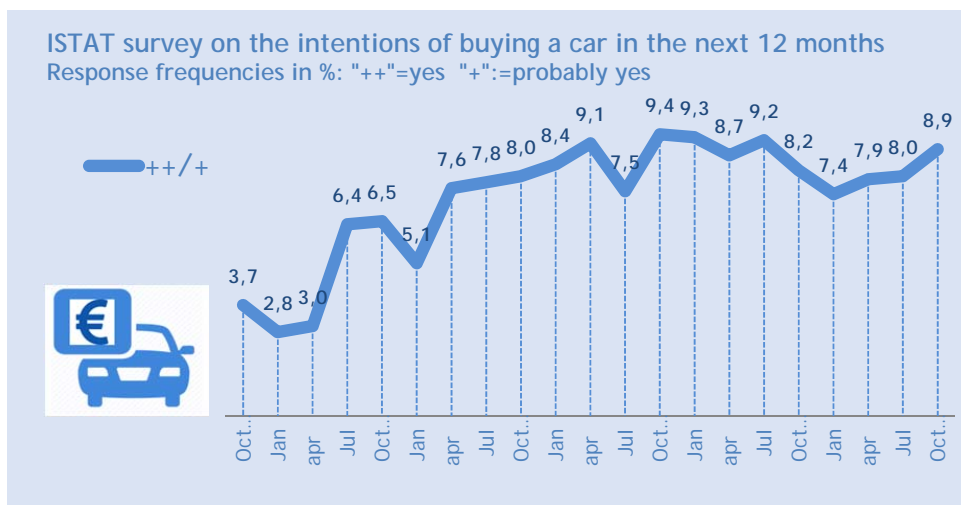
In a climate of high levels of consumer and business confidence the leading indicators continued to increase, suggesting a consolidation in the pace of economic growth. International economic growth continued, in a context of recovery in oil prices.

Consumer and business confidence
 (seasonally adjusted serie)
 index 2010=100

Source: ANFIA on ISTAT's data



The ISTAT Survey on the purchase intentions of passenger cars. The ISTAT survey on the intended purchase of a car in the next 12 months, showed an increase of responses "certainly yes" and "probably yes" that from 7.4% of responses in January 2017 rising to 7.9% in April, 8% in July and up to 8.9% in October. On the other hand, the percentage of "certainly no" replies dropped sharply from 82.7% in July to 79.5% in October. However, the percentage of "probably no" replies increased from 8.6% in July 2017 to 10.7% in October.



Crude oil price. In 2016 the average price of oil (average annual prices in the UK Brent, Dubai, West Texas Intermediate) was US\$ 43, 16% lower than in 2015, which was 47% lower than the average in 2014. In June 2017 the average price was US\$ 46.1 per barrel, according to the latest figures published by the IMF.

Over the last few months oil prices have recovered to around USD 60 per barrel. At the end of December Opec countries' meeting, enlarged to include Russia, was held in Vienna to prolong the restrictions on crude oil production and avoid the fall in prices, now that barrels have returned to over 60 dollars, the highest in the last two years. Oil production cuts will be maintained until the end of 2018.

Fuel prices in Italy. In December 2017, average fuel prices increased compared to that of December 2016:

- the price of unleaded petrol rose from € 1.544 per litre to € 1.550
- the price of diesel for transportation rose from € 1.413 to € 1.421.
- the price of LPG has risen from € 0.666 per litre to € 0.675

VAT and excise duties weighed on the average prices at the pump in December for:

- 65% unleaded petrol
- 61.5% automotive diesel
- 39.8% LPG.

Fuel consumption. According to the latest available data from the Ministry of Economic Development in November 2017, fuel consumption fell: -5.4% for unleaded petrol, -4.6% for diesel and -1.4% for LPG.

In the first 11 months of 2017 fuel consumption fell by 3.8% for super unleaded, 3.8% for diesel and 0.5% for LPG.

The downward trend in fuel consumption is the result of improved efficiency of new registered models and a fall in average annual travel time. Mobility is changing a lot, Italians use different modes of transport both to reach work or study places in everyday life and for recreational travel, combining both train and airplane for the longest routes and rental cars used locally.

Who pollutes, pay? The polluter pays principle has been incorporated into the Treaty of the European Communities since 1986 and is referred to in Article 191.2 of the consolidated version of the Treaties (2016) and it is mentioned in the first Environmental Action Programme of the European Community (1973-1976) plus in the Declaration of the Rio de Janeiro Conference on Environment and Development (1992).

This assumption is based on the impact assessment of the Senate of the Republic on the health and environmental damage of economic activities in Italy,⁴ on the cost of pollution and drawing attention to "who pollutes pays". According to the study, Italian families are the main source of health and environmental damage (limited only to atmospheric emissions and transport noise). The estimated external costs for household activities amount to 16.6 billion, followed by business (13.9 billion) and agriculture (10.9 billion), together these costs exceed 50 billion euros. The survey shows that households paid 70% more than the damage created, businesses 26% less and agriculture 93% less. Domestic heating (9.4 billion euro) exceeded the external costs of household transport (7 billion euro).

Particulate emissions accounted for about 29% of external costs, followed by CO₂ with 22%, ammonia and nitrogen oxides with 16%, sulphur oxides with 5%, methane with 4% and transport noise with 3%. The revenue from environmental taxes in Italy (energy, transport and pollution) amounted to €55.3 billion in 2015, 7.8% of total tax revenue (3.4% of GDP).

In fact, specific pollution taxes played a very marginal role (1% of the total revenue from environmental taxes) as it is energy excise duties which contribute to most of the revenue from environmental taxes (81%). The environmental taxes generated by transport accounted for 17.5% of the total; vehicle taxes alone, which in Italy are linked to kilowatts accounted for 10.8% of total revenue and could theoretically be a tool for implementing the polluter pays principle, while energy excise duty and system charges are rather the principle that users pay, since it is not directly the consumer who produces pollution. Another interesting fact that emerges from the study is that the environment does not benefit from its revenue.

A typical case is that of excise duties on fuels, the destination of which is used for expenditure that is not strictly environmental or even transport-related.

Finally, the chapter on environmental subsidies, benefiting families and businesses: they consist of tax rebates of EUR 16.2 billion, much of which are provided for the benefit of the most polluting activities (air transport, maritime transport, refining, farming and breeding).

Among the measures adopted in terms of environmental taxes in order to intervene more coherently with external costs of all the activities of the life cycle of products, the study highlights the reform of environmental taxation.

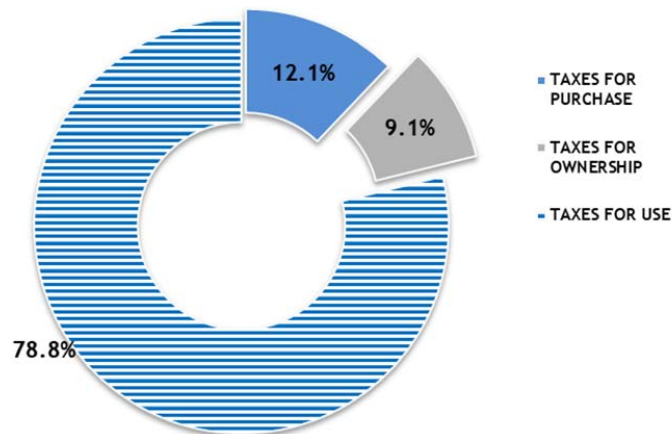
⁴ Who pollutes, pay? Focus group conducted by UVI, Impact Assessment Office and Senate of the Republic on a study carried out by the Ministry of the Environment, Land and Sea Protection, Directorate General for Sustainable Development, EU and International Relations-UAT Sogesid SpA, December 2017

Tax burden on motorisation. Remodelling taxation from an environmental point of view is a requirement shared by ANFIA, which considers it important to maintain a tax advantage for alternative fuels, thus favouring the spread of environmentally friendly vehicles and the renewal of ageing fleets.⁵

The total tax burden on Italian motor vehicles rose again in 2016, reaching € 73 billion, + 1.4% compared to the previous year. Against a 1.6% increase in total national tax revenues compared to 2015, the percentage share of revenues from the automotive sector on total revenue, calculated according to cash criterion, remained stable at 16%, as in 2015. The percentage of tax revenue deriving from the sector on GDP was 4.3%, the highest among the major European countries, given that the average was around 3%. Revenue deriving from the use of motor vehicles remained the most relevant item, equal to 78.8% of the total revenue from the sector, a total of € 57.5 billion, of which € 34.8 derived from tax levies on fuels. The tax rate on average fuel prices exceeded 60% for petrol and diesel, while for LPG and Methane it was around 44% and 22% respectively. The proceeds deriving from purchases and ownership on the other hand, grew by 14.5% and 9.1% respectively, totalling 8.8 billion for the first and 6.6 billion for the second.

TAX BURDEN ON THE MOTOR INDUSTRY ACCORDING TO THE CONTRIBUTORY LIFE CYCLE IN 2016

Source: Economics Area of ANFIA



⁵ ANFIA press release of 27 December 2017 on the tax burden of motor vehicles in Italy in 2016, an analysis carried out by the Economics Area of ANFIA

Analysis of the Italian motor vehicle market in detail

December 2017. In December the car market showed a second negative dip in 2017 (after the April drop) due mainly to effects in the calendar, December 2017 having two working days less than in December 2016 (18 working days for December 2017 against 20 in December 2016). In December, 121,264 cars were registered, 3% less than in December 2016 (ANFIA calculations are based on the Ministry of Infrastructures and Transport data on 04/1/2018).

Fiat Chrysler Automobiles Group (including Maserati and Ferrari) recorded a decreased trend of approximately 14%, with 32 thousand new registrations and 26.5% share; sales of Lamborghini however had a positive trend.

There were seven Italian models in the top ten of December, with Fiat Panda (7,466 units) again in the lead, followed by Fiat 500X (3,232), which gained three places, and Lancia Ypsilon (3,139) in third place. Ranking fifth was the Jeep Renegade (2,730), followed in sixth place by Fiat 500 (2,710). Fiat Tipo was in seventh position (2,642), while in eighth place we found Fiat 500L (2,616).

Since September 2013, Fiat Panda has been in first place within the top ten best-selling models in Italy every month.

January to December 2017. The market totalled 1,970,962 new registrations (+7.9%). In the year ended, the trend of gradual growth continued in 2014 after six consecutive years of decline and volumes exceeded the symbolic threshold of 1.9 million units, confirming Italy as the fourth largest EU market after Germany, United Kingdom and France. This result was made possible thanks to promotional campaigns of car companies and sales networks, as the demand for new cars was still rather weak.

The FCA Group (including Maserati and Ferrari) recorded an annual increase of 5.7% with over 560 thousand new registrations and a 28.5% market share. Following FCA in the group rankings were: PSA Group (including the Opel brand) with a 14.4% share (+12% change in volume), VW Group with a 13.1% share (+6%), Renault Group with 9.7% share (+15%), Ford with 6.8% (+8%), Daimler with 4.7% (-0.3%), Toyota with 4.5% (+17%) and BMW with 3.2% (+1.6%). While Japanese manufacturers as a whole accounted for around 11% of the market (+15%) and Korean manufacturers accounted for 5.5% (+4.5%) of the market share.

In the top ten models of 2017 there were six Italian models: Fiat Panda retained first place (144,504 units), followed by Lancia Ypsilon (60,333), Fiat 500 (58,562) and Fiat Tipo (55,828) respectively second, third and fourth. Fiat 500X (45,791) was in sixth and Fiat 500L (44,075) was seventh.

RANKING BY GROUPS, VOLUMES, SHARE AND ANNUAL % CHG

	2017	%	2016	%	% chg a/a		
FIAT - CHRYSLER Group	560,770	28.5	530,761	29.1	5.7	30,009	5.7
PSA Group ¹	284,020	14.4	253,401	13.9	12.1	30,619	12.1
VW Group	258,163	13.1	243,465	13.3	6.0	14,698	6.0
RENAULT Group	191,647	9.7	166,282	9.1	15.3	25,365	15.3
FORD	134,073	6.8	124,328	6.8	7.8	9,745	7.8
DAIMLER Group	92,520	4.7	92,769	5.1	-0.3	-249	-0.3
TOYOTA Group	89,149	4.5	76,085	4.2	17.2	13,064	17.2
BMW Group	85,593	4.3	84,284	4.6	1.6	1,309	1.6
NISSAN	62,708	3.2	55,222	3.0	13.6	7,486	13.6
HYUNDAI	58,917	3.0	56,379	3.1	4.5	2,538	4.5
KIA	47,935	2.4	45,154	2.5	6.2	2,781	6.2
SUZUKI	31,088	1.6	22,631	1.2	37.4	8,457	37.4

Ministry of Infrastructures and Transport

¹ - Include Peugeot, Citroen, DS e Opel

Market by fuel

In 2017 more than half of the sales involved diesel powered vehicles with volumes up 7% compared to 2016. The Volkswagen's "diesalgate" scandal and the failure to respect energy and environmental performances on vehicles declared by some car manufacturers, as well as the traffic restrictions, especially for diesel cars due to the high levels of smog in many Italian cities, did not limit the penetration of diesel cars in the Italian market, which closed in 2017 at high levels, 56.4% (57% in 2016) unlike what had happened in many other European countries. The share of the diesel market had shrunk in Germany to 39% (46% in 2016), in UK to 42% (48% in 2016), and in France to 47% (52% in 2016).

In terms of methods of purchasing however, in 2017 there was a clear differentiation between diesel car sales to private individuals, which fell by 6% and to that of companies which rose by 21%.

Petrol cars, thanks to the drop-in pump prices that began in 2015, had conquered the market at the expense of auto gas (particularly methane) and diesel cars. In 2017 petrol cars accounted for 32% of the market, with an increase in volumes sold of 5%. Even for petrol cars, there was a difference between the private and corporate sectors: 6% less for new petrol-driven private cars and 27% more for cars registered to companies.

Alternative-powered cars gained 11.7% of the market, up 24% on 2016 volumes; this segment is made up of: 6.5% petrol-LPG cars, 1.7% petrol-methane cars, 0.1% electric cars and 3.4% hybrid cars (including plug-in). **The volumes of sales in the alternative powered car market made Italy the leader in the alternative power market in Europe and the second market after Norway for its market share.** These results, obtained thanks to the development of gas engines, have allowed our country to have a fleet of over 911 thousand cars with natural gas and 2.2 million cars with LPG (data for 2016) and to have the largest distribution network in Europe. The good performance of LPG car sales (+27%) concerned both private individuals (+25%) and companies (+36%).

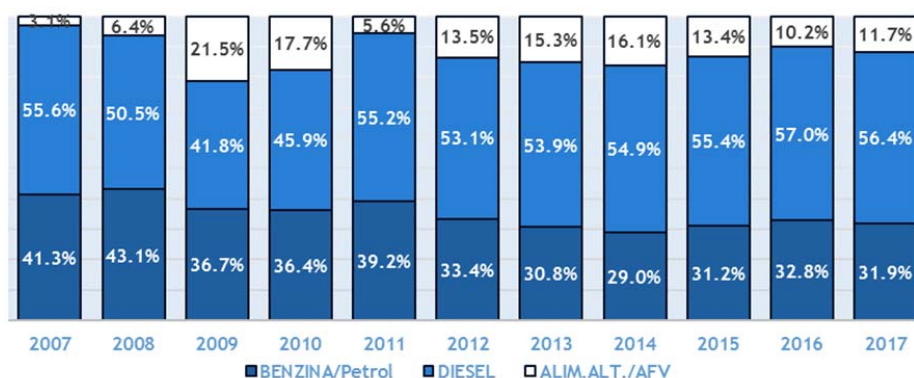
Sales of hybrid cars (excluding plug-in) were 63 thousand, up 71%. **Italy has become the third largest market for hybrid cars (excluding plug-in) in Europe.** The volumes of plug-in hybrid cars doubled in 2017.

The main target of the hybrid car market (including plug-in) is the private sector, which with 48 thousand units accounted for 72% of the hybrid car market.

The number of electric cars sold were 1,967, of which only 14% were registered to individuals (280 cars from the beginning of the year, +33%), while the cars registered to companies were 86% (1,687 cars from the beginning of the year, +45 %). Electric cars have recorded an increase of 43% since the beginning of the year, with average monthly sales in 2017 equal to 164 units.

New car registration share on the total market by power supply

Source: ANFIA based on data from the Ministry of Infrastructure and Transport (Aut. Min. DO7161/H4)



NEW CAR REGISTRATIONS BY FUEL

	YEAR 2015	%	YEAR 2016	%	% chg a/a 16/15	December 2017	%	% chg m/m 17/16	YEAR 2017	%	% chg a/a 17/16
DIESEL	872,855	55.4	1,040,944	57.0	19.3	68,560	56.5	-5.0	1,112,585	56.4	6.9
PETROL	492,048	31.2	599,650	32.8	21.9	36,989	30.5	-4.5	628,367	31.9	4.8
PETROL+LPG	120,542	7.6	101,698	5.6	-15.6	7,926	6.5	5.0	129,042	6.5	26.9
PETROL+METHANE	62,935	4.0	43,796	2.4	-30.4	2,830	2.3	-0.9	32,743	1.7	-25.2
BEV	1,452	0.1	1,377	0.1	-5.2	153	0.1	-18.6	1,967	0.1	42.8
HYBRIDS	26,122	1.7	38,682	2.1	48.1	4,806	4.0	35.0	66,258	3.4	71.3
IBRIDA DIESEL/EL	24,638	1.6	36,844	2.0	49.5	4,560	3.8	32.1	63,191	3.2	71.5
IBRIDA PETROL/EL	593	0.0	396	0.0	-33.2	18	0.0	20.0	207	0.0	-47.7
PLUG-IN	739	0.0	1,307	0.1	76.9	216	0.2	173.4	2,646	0.1	102.4
EXTENDED RANGE	152	0.0	135	0.0	-11.2	12	0.0	-7.7	214	0.0	58.5
TOTAL	1,575,954	100.0	1,826,147	100.0	15.9	121,264	100.0	-3.0	1,970,962	100.0	7.9

AFV	211,051	13.4	185,553	10.2	-12.1	15,715	13.0	11.0	230,010	11.7	24.0
-----	---------	------	---------	------	-------	--------	------	------	---------	------	------

ANFIA - Department of Studies and Statistics on data of the Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)

NEW CAR REGISTRATIONS - MONTHLY TREND FROM DECEMBER 2016 TO DECEMBER 2017

UNITS	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017
DIESEL	72,189	94,257	102,854	127,619	93,741	114,064	110,425	81,465	48,052	96,353	87,309	87,886	68,560
PETROL	38,736	58,433	61,768	75,818	50,736	68,305	56,051	45,634	24,916	51,976	50,220	47,521	36,989
PETROL/LPG	7,549	11,377	11,620	13,827	9,706	12,758	12,704	11,388	6,035	9,673	10,863	11,165	7,926
PETROL/METHANE	2,857	3,102	2,623	3,513	1,989	2,666	2,690	1,980	1,592	3,289	3,196	3,273	2,830
BEV/HEV	3,747	4,880	5,511	6,035	4,817	7,026	6,507	5,489	3,049	6,181	6,895	6,876	4,959
TOTAL	125,078	172,049	184,376	226,812	160,989	204,819	188,377	145,956	83,644	167,472	158,483	156,721	121,264
SHARE %	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017
DIESEL	57.7	54.8	55.8	56.3	58.2	55.7	58.6	55.8	57.4	57.5	55.1	56.1	56.5
PETROL	31.0	34.0	33.5	33.4	31.5	33.3	29.8	31.3	29.8	31.0	31.7	30.3	30.5
PETROL/LPG	6.0	6.6	6.3	6.1	6.0	6.2	6.7	7.8	7.2	5.8	6.9	7.1	6.5
PETROL/METHANE	2.3	1.8	1.4	1.5	1.2	1.3	1.4	1.4	1.9	2.0	2.0	2.1	2.3
BEV/HEV	3.0	2.8	3.0	2.7	3.0	3.4	3.5	3.8	3.6	3.7	4.4	4.4	4.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

ANFIA - Department of Studies and Statistics on data of the Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)

Average CO₂ emissions.

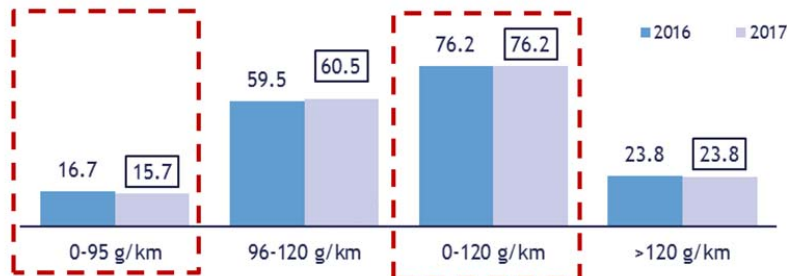
The average CO₂ emissions of new cars sold in 2017 fell slightly (-0.3%) compared to the average levels of 2016. According to ANFIA's calculations on data provided by the Ministry of Infrastructure and Transport the average emissions for 2017 was 112.6 g/km.

The share of car registrations with average emissions included in the range from 0 to 95 g/km, lost a point compared to 2016's market share, in favour of cars with a range between 96 and 120 g/km. The share of cars with emissions exceeding 120 g/km remained unchanged.

The annual drop in emission averages both in Italy and in the EU slowed down dramatically which made it much more difficult to achieve the Community's objectives.

REGISTRATIONS OF NEW CARS COVERING EMISSIONS OF CO₂ RANGES (g / km).

Source: ANFIA based on data from the Ministry of Infrastructure and Transport (Aut. Min. DO7161/H4)



Fight against smog in the Po Valley. The new programmed agreement for the coordinated and joint adoption of measures to improve air quality in the Po Valley, signed in Bologna last June between the Regions of Piedmont, Lombardy, Emilia Romagna, Veneto and the Ministry of Environment led the authorities involved to study joint actions to combat smog in a unified manner and with a view to sharing, in an area of over 23 million residents, 40% of the Italian population. The Regions have undertaken to carry out a series of long-term interventions, which concern the different polluting sources (household heating, transport and agriculture). In the transport sector, the measures are aimed at: the construction of new infrastructures for the distribution of alternative fuels and for pedestrian-cycle mobility in urban areas; uniform regulations for access to restricted traffic areas; and the promotion of car-sharing with cars fuelled by alternative fuels.

Funds (8 million eco-bonuses) were also provided for the replacement of the most polluting vehicles.

The measures adopted by the four regions of the Po Valley involved driving restrictions from 1 October to 31 March, Monday to Friday from 8.30 a. m. to 6.30 p. m. for diesel-powered cars and commercial vehicles of categories N1, N2 and N3 up to Euro3. The limitation will be extended to Euro 4 by 1 October 2020 and Euro 5 by 1 October 2025. The measures concern urban areas of communities with more than 30,000 inhabitants in those regions where particulates or nitrogen dioxide are exceeded.

Two alert levels (orange and red) have been established which impose more restrictive measures than those described above concerning diesel cars.

The latest generation of diesel cars produce very low levels of particulate matter and nitrogen oxides, plus they have lower CO₂ emission levels than petrol cars; this is an important element to consider when achieving the EU's objectives of reducing carbon dioxide emissions, which is climate-changing and does not cause direct damage to people's health.

Diesel engines therefore help to meet the greenhouse gas emission levels because they burn more efficiently than petrol engines and emit up to 15% less CO₂ than comparable petrol engines.⁶ It was possible to reach the limits set for 2015 of 130 g/km of CO₂ in Italy and the European Union thanks to diesel-powered cars, despite the fact that car sales have shifted towards larger and heavier models. SCR technology and particulate filters, on the other hand help to reduce nitrogen oxides and particulate emissions. The fact remains that the latest generation of diesel cars (Euro 6) currently on Italian roads account for only 10% of the fleet. Technological innovations applied to thermal motors will contribute to further reductions in emissions and will be indispensable for many years, because electromobility still represents a niche 1% of worldwide car sales. Conventional hybrid cars on the other hand, enjoy a kind of laissez-passer in driving restrictions but their environmental effectiveness depends mainly on the distance travelled electrically in relation to the thermal mode.

⁶ Source VDA

Market by purchasing methods. In December 2017 sales to individuals fell by 12% in the month and 2% in cumulative terms. In the month, the market share from private individuals touched almost 57% and reached 55% in total. Car sales registered in the name of companies (including rental and leasing) grew by 11% in December and by 23% in cumulative sales (equal to over 165 thousand more sales, of which over 96 thousand were registered to company fleets and 66 thousand to rental companies). Overall, sales to companies represented 45% of the market in the year, 5.5 points more than in 2016, almost reaching the levels of the other major European markets.

NEW CAR REGISTRATIONS BY PURCHASING METHODS

	YEAR 2015	%	YEAR 2016	%	% chg a/a 16/15	December 2017	%	% chg m/m 17/16	YEAR 2017	%	% chg a/a 17/16
Private individuals	979,849	62.2	1,103,288	60.4	12.6	68,726	56.7	-11.6	1,082,494	54.9	-1.9
Companies	596,111	37.8	722,859	39.6	21.3	52,538	43.3	10.9	888,468	45.1	22.9
Leasing individuals	23,784	1.5	29,082	1.6	22.3	2,626	2.2	-11.0	31,583	1.6	8.6
Company fleets	229,868	14.6	293,102	16.1	27.5	27,793	22.9	17.5	389,453	19.8	32.9
Leasing	25,459	1.6	30,204	1.7	18.6	2,554	2.1	-16.7	30,906	1.6	2.3
Rental	312,369	19.8	364,516	20.0	16.7	19,168	15.8	12.2	431,280	21.9	18.3
Taxi	4,454	0.3	5,705	0.3	28.1	239	0.2	-59.2	4,856	0.2	-14.9
Others	177	0.0	250	0.0	41.2	158	0.1	1480.0	390	0.0	56.0
TOTAL	1,575,960	100.0	1,826,147	100.0	15.9	121,264	100.0	-3.0	1,970,962	100.0	7.9

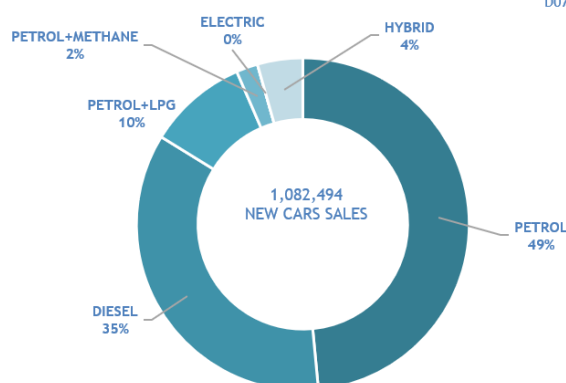
ANFIA - Department of Studies and Statistics on data of the Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)

In 2017, private individuals purchased 48.5% diesel cars, 35.3% petrol cars, 9.7% LPG-petrol cars, 2.1% petrol-methane cars and 4.4% hybrid cars. The share of alternatively powered cars among private individuals rose to 16.2% (national average 11.7%). Sales of diesel cars decreased (-6%), petrol cars (-6%) and methane cars (-32%), while sales of LPG cars (+25%), hybrid (+93%) and electrical (+33%) increased.

The share of diesel cars registered to companies remained at 66%, with volumes up by 21%, while diesel cars generally accounted for 28% of the market (+27% volume growth). The share of cars with alternative power supply among commercial vehicles remained the same as in 2016: 6.1%. Sales of LPG cars (+36% and 2.7% of market share), hybrids (+33% and 2.1% of share) and for electric power (+45% and 0.2% of share) grew. The number of methane cars dropped (-7% and 1.2% share).

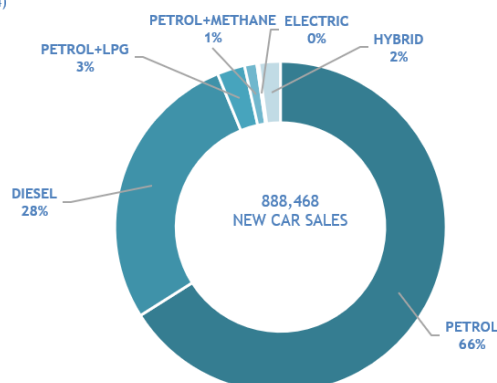
NEW CAR SALES TO PRIVATE INDIVIDUALS BY FUEL

Source: ANFIA from Ministry of Infrastructures and Transport (Aut. Min. D07161/H4)



NEW CAR SALES TO COMPANIES (Fleet companies, Rental, Leasing)

Source: ANFIA from Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)



NEW CAR SALES BY TYPE OF PURCHASE

% chg and share % private individuals sales on total market

Source: ANFIA on data from the Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)

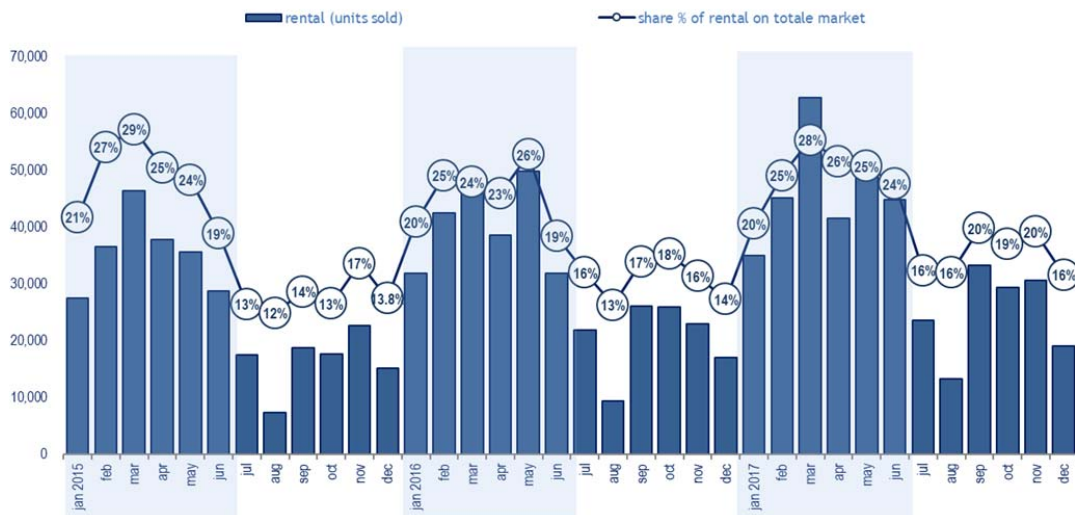


13

RENTAL - MONTHLY TREND, 2015-2017

units, sh % on total market

Source: ANFIA on data from the Ministry of the Infrastructures and Transport (Aut. Min. D07161/H4)



Analysis of the data shows the seasonal nature of the car market regarding rental companies: sales are more significant in the spring months and drop from June onwards. In recent years there has also been an increase in the share of sales to rental companies during the second half of the year.

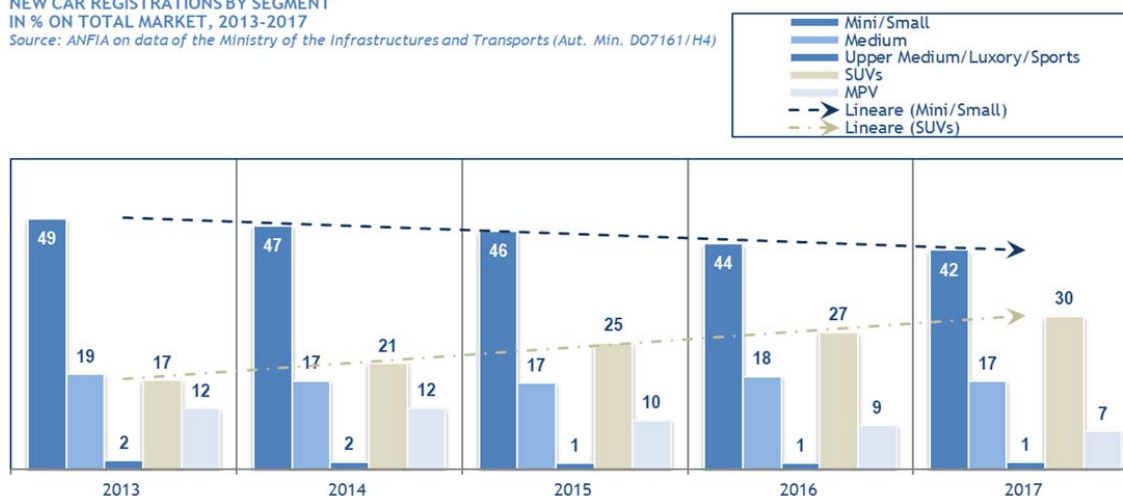
In fact, in July-December 2016, car rental purchases gained two percentage points, from 14% in 2015 to 16% in 2016 and 18% in 2017. In December 2017 rental cars grew by 12% with a market share of 16% (2 additional points up from December 2016). With an average growth of 18% in 2017 rental cars represented 22% of the market.

Market by segment. The high-end segment recorded a decreasing trend of 4.2% in December 2017 and a growth of 5% cumulatively. Sales of SUVs of all sizes totalled over 40 thousand registrations (+13%) and gained 33% of the market in December. Since the beginning of the year the growth was 20.5% with a 29.6% share; in particular the sales of compact and medium sized SUVs grew, while sales of large SUVs decreased.

In the month, sales within the A/B segments decreased by 10% (+5% in aggregated sales), the cumulative share being 42%. In December, sales of C-segment cars (medium-small) fell by 12% (+ 5% in cumulated sales) and in the D segment (medium) by 22% (-8% in cumulative). Sales of MPVs decreased by 2% in December 2017 (-7% in cumulative sales).

NEW CAR REGISTRATIONS BY SEGMENT
IN % ON TOTAL MARKET, 2013-2017

Source: ANFIA on data of the Ministry of the Infrastructures and Transports (Aut. Min. DO7161/H4)



NEW CAR REGISTRATIONS BY SEGMENT

	YEAR 2015	%	YEAR 2016	%	% chg a/a 16/15	December 2017	%	% chg m/m 17/16	YEAR 2017	%	Var % Cumulato 17/16
Mini	288,499	18.3	323,898	17.7	12.3	19,171	15.8	-12.9	347,046	17.6	7.1
Small	435,585	27.6	474,297	26.0	8.9	28,933	23.9	-8.2	489,740	24.8	3.3
Lower Medium	203,445	12.9	257,499	14.1	26.6	15,138	12.5	-12.0	271,258	13.8	5.3
Medium	58,896	3.7	71,924	3.9	22.1	3,826	3.2	-22.1	66,390	3.4	-7.7
Upper Medium	14,947	0.9	16,105	0.9	7.7	1,361	1.1	12.5	18,854	1.0	17.1
Luxury	2,006	0.1	2,106	0.1	5.0	154	0.1	18.5	2,541	0.1	20.7
Sports car	3,160	0.2	4,996	0.3	58.1	353	0.3	27.9	6,273	0.3	25.6
SUV Small	179,307	11.4	223,599	12.2	24.7	16,592	13.7	5.4	244,414	12.4	9.3
SUV Compat	135,401	8.6	180,025	9.9	33.0	17,575	14.5	24.4	245,931	12.5	36.6
SUV Medium	54,256	3.4	61,651	3.4	13.6	5,007	4.1	12.3	74,221	3.8	20.4
SUV Glarge	16,615	1.1	19,575	1.1	17.8	1,352	1.1	-11.2	19,629	1.0	0.3
MPV Small	87,229	5.5	87,775	4.8	0.6	5,462	4.5	8.7	83,625	4.2	-4.7
MPV Medium	62,508	4.0	60,999	3.3	-2.4	3,165	2.6	-10.7	55,777	2.8	-8.6
MPV Large	4,826	0.3	8,480	0.5	75.7	386	0.3	-38.2	6,513	0.3	-23.2
Multispace	20,561	1.3	22,778	1.2	10.8	1,441	1.2	-21.2	23,990	1.2	5.3
Combi	8,713	0.6	10,440	0.6	19.8	1,348	1.1	37.7	14,760	0.7	41.4
TOTAL	1,575,954	100.0	1,826,147	100.0	15.9	121,264	100.0	-3.0	1,970,962	100.0	7.9
<i>High-End segment</i>	<i>41,554</i>	<i>2.6</i>	<i>51,262</i>	<i>2.8</i>	<i>23.4</i>	<i>3,606</i>	<i>3.0</i>	<i>-4.2</i>	<i>53,810</i>	<i>2.7</i>	<i>5.0</i>
<i>SUVs</i>	<i>385,579</i>	<i>24.5</i>	<i>484,850</i>	<i>26.6</i>	<i>25.7</i>	<i>40,526</i>	<i>33.4</i>	<i>13.1</i>	<i>584,195</i>	<i>29.6</i>	<i>20.5</i>
<i>MPVs</i>	<i>154,563</i>	<i>9.8</i>	<i>157,254</i>	<i>8.6</i>	<i>1.7</i>	<i>9,013</i>	<i>7.4</i>	<i>-2.0</i>	<i>145,915</i>	<i>7.4</i>	<i>-7.2</i>

ANFIA - Department of Studies and Statistics on data of the Ministry of Infrastructures and Transport (Aut.Min. DO7161/H4)

Market by geographical area. In December sales grew only in the North-East of the country, +2.6% (+9.2% in cumulative terms), while they were down in all other macro areas. Sales in Valle d'Aosta, Friuli VG, Trentino AA, Umbria and Molise were positive in the month. In cumulated terms, all regions showed growth in the markets. The North-West area was the one that saw the most significant increase, +12% and Piedmont was the region with the highest growth in registrations: +23%.

In cumulative terms, sales in Valle d'Aosta increased by 20% and in Trentino Alto Adige by 16%; in these two regions alone 18% of the total market was registered, thanks to the rental market. In fact, in these two regions 76% of all cars were registered in the name of rental companies.

The amendment to the rules governing the provincial registration tax, which was designed to make it possible to carry out the formalities relating to IPT throughout the country, with the tax revenue allocated to the Province in which the taxable person has his registered office or residence. This means the taxable person is deemed to be the beneficial owner of the vehicle (the lessee in the case of financial leasing, the holder of the right of use in the case of usufruct and the transferee in the case of purchase agreement on a domain). It has barely weighed on the charterers, who have continued to open offices in the two provinces with reduced IPT and to pay it there as actual owners of the vehicles.

NEW CAR REGISTRATIONS BY REGION

	YEAR 2015	%	YEAR 2016	%	% chg a/a 16/15	December 2017	%	% chg m/m 17/16	YEAR 2017	%	% chg a/a 17/16
VALLE D'AOSTA	41,176	2.6	49,813	2.7	21.0	4,500	3.7	5.8	59,963	3.0	20.4
PIEMONTE	150,188	9.5	178,358	9.8	18.8	12,235	10.1	-6.6	219,787	11.2	23.2
LOMBARDIA	265,722	16.9	308,473	16.9	16.1	21,217	17.5	-3.9	322,894	16.4	4.7
LIGURIA	32,047	2.0	35,090	1.9	9.5	2,396	2.0	-13.0	35,594	1.8	1.4
NORTH-WEST ITALY	489,133	31.0	571,734	31.3	16.9	40,348	33.3	-4.3	638,238	32.4	11.6
FRIULI	30,489	1.9	33,926	1.9	11.3	2,666	2.2	3.5	36,641	1.9	8.0
TRENTINO ALTO ADIGE	223,712	14.2	258,540	14.2	15.6	11,954	9.9	15.5	298,972	15.2	15.6
VENETO	120,851	7.7	141,502	7.7	17.1	10,335	8.5	-4.2	145,541	7.4	2.9
EMILIA ROMAGNA	131,354	8.3	147,297	8.1	12.1	10,776	8.9	-2.8	153,825	7.8	4.4
NORTH-EAST ITALY	506,406	32.1	581,265	31.8	14.8	35,731	29.5	2.6	634,979	32.2	9.2
TOSCANA	149,105	9.5	170,901	9.4	14.6	9,791	8.1	-10.9	172,860	8.8	1.1
UMBRIA	21,189	1.3	24,967	1.4	17.8	1,930	1.6	9.0	25,646	1.3	2.7
MARCHE	36,069	2.3	41,116	2.3	14.0	3,249	2.7	-0.8	42,215	2.1	2.7
LAZIO	123,881	7.9	144,655	7.9	16.8	9,649	8.0	-10.0	155,941	7.9	7.8
CENTER ITALY	330,244	21.0	381,639	20.9	15.6	24,619	20.3	-8.0	396,662	20.1	3.9
ABRUZZI	25,238	1.6	28,802	1.6	14.1	2,120	1.7	-2.6	29,557	1.5	2.6
BASILICATA	8,256	0.5	8,914	0.5	8.0	688	0.6	-1.1	8,878	0.5	-0.4
CAMPANIA	58,202	3.7	66,677	3.7	14.6	4,397	3.6	-7.2	66,292	3.4	-0.6
MOLISE	3,406	0.2	4,018	0.2	18.0	285	0.2	21.3	4,121	0.2	2.6
PUGLIA	47,709	3.0	55,816	3.1	17.0	3,941	3.2	-6.6	57,688	2.9	3.4
CALABRIA	24,328	1.5	29,260	1.6	20.3	2,097	1.7	-1.3	30,943	1.6	5.8
SICILIA	57,372	3.6	66,768	3.7	16.4	4,751	3.9	-2.7	67,982	3.4	1.8
SARDEGNA	25,295	1.6	29,102	1.6	15.1	1,377	1.1	-34.2	30,733	1.6	5.6
SOUTH ITALY	249,806	15.9	289,357	15.8	15.8	19,656	16.2	-7.1	296,194	15.0	2.4
Not defined	365	0.0	2,152	0.1	489.6	910	0.8	444.9	4,889	0.2	127.2
TOTAL	1,575,954	100.0	1,826,147	100.0	15.9	121,264	100.0	-3.0	1,970,962	100.0	7.9

ANFIA - Department of Studies and Statistics on data of the Ministry of Infrastructures and Transport (Aut.Min. D07161/H4)

NEW REGISTRATIONS BY REGION AND METHOD OF PURCHASES IN PERCENTAGES

	PRIVATE	RENTAL	COMPANIES	TOTAL 2017	PRIVATE	RENTAL	COMPANIES
VALLE D'AOSTA	4.7	89.6	5.7	100	0.3	12.5	0.7
PIEMONTE	44.2	1.3	54.5	100	9.0	0.6	26.2
LOMBARDIA	67.5	5.4	27.1	100	20.1	4.0	19.1
LIGURIA	77.2	1.0	21.9	100	2.5	0.1	1.7
NORTH WEST ITALY	54.1	11.6	34.2	100	31.9	17.2	47.8
FRIULI	65.0	3.8	31.2	100	2.2	0.3	2.5
TRENTINO ALTO ADIGE	4.9	92.3	2.8	100	1.3	64.0	1.9
VENETO	68.5	5.1	26.4	100	9.2	1.7	8.4
EMILIA ROMAGNA	71.5	1.3	27.2	100	10.2	0.5	9.1
NORTH EAST ITALY	39.1	45.2	15.8	100	22.9	66.5	21.9
TOSCANA	58.0	25.9	16.2	100	9.3	10.4	6.1
UMBRIA	78.0	0.6	21.4	100	1.8	0.0	1.2
MARCHE	77.5	1.0	21.5	100	3.0	0.1	2.0
LAZIO	66.5	11.3	22.2	100	9.6	4.1	7.6
CENTRAL ITALY	64.7	15.9	19.4	100	23.7	14.6	16.9
ABRUZZI	82.5	0.6	16.8	100	2.3	0.0	1.1
BASILICATA	78.2	0.4	21.4	100	0.6	0.0	0.4
CAMPANIA	75.5	1.3	23.3	100	4.6	0.2	3.4
MOLISE	76.5	13.9	9.6	100	0.3	0.1	0.1
PUGLIA	74.2	2.3	23.6	100	4.0	0.3	3.0
CALABRIA	73.4	2.3	24.3	100	2.1	0.2	1.6
SICILIA	81.1	1.1	17.8	100	5.1	0.2	2.7
SARDEGNA	74.9	9.4	15.7	100	2.1	0.7	1.1
SOUTH ITALY	77.0	2.5	20.5	100	21.1	1.7	13.3
not defined	88.6	0.3	11.1	100	0.4	0.0	0.1
TOTAL	54.9	21.9	23.2	100	100	100	100

The analysis of the market for new passenger cars sold to private individuals showed that 32% were registered in the North-West regions. In the North-East and Central areas, sales of new cars to private individuals were 23% and 24% respectively, while in the South the market share fell to 21%. Lombardy was the region where most cars were sold to private individuals (20%), followed by Emilia Romagna (10%), Lazio (9.6%), Tuscany, Veneto and Piedmont (9%).

The company car market dominated the North-West regions, particularly in Piedmont and Lombardy, with shares of 26% and 19% respectively. In these regions there were many medium and large companies equipped with their own fleets and where cars are more widely used as company benefits; they follow Emilia Romagna, Veneto and Lazio.

At a national level, 1 new car was sold for every 31 residents, with the following differences per macro area: Northwest 1 new car for 25 inhabitants; Northeast 1 new car for 18 inhabitants; Central 1 new car for 30 inhabitants; Southern Italy 1 new car for 70 inhabitants.

We can say that these figures reflect the macro economic data on GDP per inhabitant and disposable income released by Istat last December:⁷ GDP per inhabitant in 2016 was equal to 34.2 thousand euros in the North-West, 33.3 thousand euros in the North-East and 29.9 thousand euros in the Centre. The negative differential in the South is very wide: ISTAT data showed that the level of GDP per capita was 18.2 thousand euros, 44.2% lower than that of the Centre-North. In 2016, the North West confirmed its position as the area with the highest GDP and consumption per inhabitant.

⁷ Istat statement "Territorial economic accounts" Year 2016, released on December 20th 2017

The top of the regional ranking is the autonomous province of Bolzano, with a GDP per capita of 42.5 thousand euro, followed by Lombardy, the Autonomous Provinces of Trento and Valle d' Aosta.

The per capita expenditure on household final consumption at current prices in 2016 was 19.9 thousand euros in the North-West, 19.6 thousand euros in the North-East, 17.8 thousand euros in the Centre and 12.9 thousand euros in the South. The negative gap between the South and Central-North was 32.6%.

Disposable income per capita, measured in nominal terms in 2016 was equal to approximately 21.5 thousand euros in the North-West, 21 thousand euros in the North-East, 19.1 thousand euros in the Centre and 13.5 thousand euros in the South with a negative differential of 25.7% compared to the national average.

The level of income from jobs per employee was 39.6 thousand euros in the North-West, 37.2 thousand euros in the North-East and 36 thousand euros in the Centre. The South of Italy with 30.7 thousand euros was about 19% lower than the 37.8 thousand euros of the Central-North regions.

In Italy, the unreported economy (the sum of the black economy and the illegal economy) represented 14% of total value added (in 2015).

Transfers of Ownership

According to figures from the Public Automotive Registry, net transfers of ownership in 2017 amounted to 2,950,500, up by 4.7% and "minivolture" (temporary sales to car dealers) amounted to 2,402,503, +8.5%, equal to 45% of all transfers of ownership amounting to more than 5.35 million (+6.4%).

In 2017 there was an increase of 2.8% for the scrapping of passenger cars with 1,411,354 cases compared to 1,372,683 in 2016. Considering the positive balance for passenger cars between first registration and scrapping (provisional data) of the fleet it is expected to increase again by 1.5% as of 31 December 2017.

Environmental issues on the transport front are particularly complex in our country, which has:

- one of the highest car densities in the world: 625 cars per 1000 inhabitants; therefore, the car remains the most used means of transport;
- a rather old fleet: the average age of cars is almost 11 years old; more than half of the cars registered at the PRA are more than 10 years old;
- an insufficient quota of Euro 6 cars: with sales in 2017, Euro 6 cars in circulation exceeded 5 million and accounted for only 13% of the fleet;
- local public transport which, with a few exceptions is not a valid alternative to private cars: old buses, polluting vehicles, insufficient services and road passenger transport companies with serious financial and economic problems (Turin, Rome, etc.).

Changing this state of affairs requires vision, mobility models (monitored) based on analysing traffic flows, a lot of resources and time and, above all, the joint commitment of political parties in institutions at all levels to maintain choices and development plans over the years in order to guarantee mobility and social inclusion throughout the country and to achieve the objective of sustainable mobility.

For more information:

Marisa Saglietto

Silvio Donato

ANFIA - Department of Study & Statistics

E-mail: m.saglietto@anfia.it Telephone: 011/55 46 526

s.donato@anfia.it Telephone: 011/55 46 524