2018 Half-year Financial Report

2018 HALF-YEAR FINANCIAL REPORT

Interim Report on Operations

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This Report, and in particular the section "Review of Performance of the Operating Subsidiaries", contains forward-looking statements. These statements are not guarantees of future performance. Rather, they are based on the Group's Subsidiaries current state of knowledge, future expectations and projections about future events and are, by their nature, subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: change in the global financial market, general economic environment, changes in local economic and political conditions, changes in trade policy the enactment of tax reforms or other changes in tax laws and regulations, volatility and deterioration of capital and financial market including possible effect of Brexit, terror attacks in Europe, weather, floods, earthquakes or other natural disasters, changes in government regulation, production difficulties, including capacity and supply constraints and many other risks and uncertainties, most of which are outside of the Group's subsidiaries control.

The 2018 Half-year Financial Report is available on the corporate website at: www.exor.com

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Board of Directors

Chairman and Chief Executive Officer	John Elkann
Vice Chairman	Alessandro Nasi
Non-independent Directors	Andrea Agnelli
	Ginevra Elkann
Independent	
Senior non-executive Director	Marc Bolland
Non-executive Directors	Joseph Bae
	Melissa Bethell
	Laurence Debroux
	Annemiek Fentener van Vlissingen
	António Horta-Osório

Mr. Sergio Marchionne was *Vice Chairman* until 25 July 2018.

Audit Committee

Melissa Bethell (*Chair*), Laurence Debroux and Annemiek Fentener van Vlissingen

Compensation and Nominating Committee

António Horta-Osório (*Chair*), Joseph Bae and Alessandro Nasi

Independent Auditors

Ernst & Young Accountants LLP

Expiry of term of office

The Board of Directors was appointed on 30 May 2017 and Mr. Joseph Bae on 29 May 2018. The Board's appointment term will expire concurrently with the shareholders' meeting that will approve the 2019 annual financial statements, hence in 2020.

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KEY DATA

EXOR Group – Consolidated Data € million	**I Half 2018**	I Half 2017	I Half 2016
Net Revenues	**71,726**	71,373	68,204
Profit before tax	**3,816**	4,413	2,011
Net profit	**2,820**	2,574	1,200
of which attributable to owners of the parent	**741**	916	431

EXOR Group – Consolidated Data – Shortened [a] € million	**I Half 2018**	I Half 2017	I Half 2016
Profit attributable to owners of the parent	**741**	916	431
Share of earnings of investments and dividends	**772**	853	473
	30/06/2018	31/12/2017	31/12/2016
Investments and non-current other financial assets	**14,541**	13,927	14,569
Issued capital and reserves attributable to owners of the parent	**11,415**	10,805	10,982
Consolidated net financial position of EXOR's “Holdings System”	**(3,139)**	(3,164)	(3,424)

(a) The basis of preparation is presented in the section “Review of the Consolidated Results of the EXOR Group - Shortened”.

Earnings per share (€) [a]	**I Half 2018**	I Half 2017	I Half 2016
Profit attributable to owners of the parent – basic	**3.15**	3.91	1.84
Profit attributable to owners of the parent – diluted	**3.12**	3.89	1.81
	30/06/2018	31/12/2017	31/12/2016
Issued capital and reserves attributable to owners of the parent (per share)	**48.50**	45.97	46.83

(a) Additional details on the calculation of basic and diluted earnings per share are provided in Note 10 to the consolidated financial statements.

Other information (€ million)	**30/06/2018**	31/12/2017	31/12/2016
Net Asset Value [a] [b]	**20,508**	19,155	13,890
Market Capitalization	**13,908**	12,301	9,870
Dividend paid	**82.4**	82.1	82.0

(a) Alternative Performance Measures as defined on page 8.
(b) Equal to: $23,909 million at 30 June 2018, $22,972 million at 31 December 2017 and $14,642 million at 31 December 2016.

RISK FACTORS

The management of EXOR Group believes that the risk factors identified for the six months ended 30 June 2018 are in line with the main risks to which EXOR is exposed. Those risks were identified and discussed in the 2017 Annual Report, in the Risk factors section.

EXOR GROUP PROFILE

EXOR is one of Europe's largest diversified holding companies, with a Net Asset Value (NAV)[(1)] of almost $24 billion (equal to over €20 billion) at 30 June 2018. It is listed on the *Mercato Telematico Azionario* managed by Borsa Italiana S.p.A. (MTA) and headquartered in Amsterdam, the Netherlands. EXOR is registered in the Dutch companies' register of the Chamber of Commerce (*Kamer van Koophandel*) under registration number 64236277. The registered office is Gustav Mahlerplein 25, 1082 MS, Amsterdam, the Netherlands, telephone number +31 (0) 202402220.

EXOR is majority owned and controlled by Giovanni Agnelli B.V., the company grouping the descendants of Senator Giovanni Agnelli, the founder of FIAT, which holds 52.99% of its share capital. EXOR aims at increasing its NAV per share to outperform the MSCI World Index in dollars in the long-term, generating free cash flows above its dividend outflows and preserving an investment grade rating.

EXOR invests with a long-term view, among others in significant controlling equity investments, without a defined investment and divestment policy and is not bound by any specific targets or criteria regarding the geographical and industrial features of its investments, holding periods and achievements of targets. EXOR generates returns which may be retained, reinvested or distributed to shareholders at the absolute discretion of the company (subject only to shareholder vote on dividend distribution).

EXOR is an active shareholder, combining its entrepreneurial approach with sound financial discipline. It brings in finance for the development of its companies, to improve their competitive position and profitability, and maintains a constant dialogue with the top management of the companies in which it invests, while fully respecting their operating autonomy.

(1) An Alternative Performance Measure as defined on page 8.

The principal EXOR Group investments are the following:

Percentages updated on the basis of the latest available information.

(a) EXOR holds 42.11% of voting rights on issued capital.
(b) EXOR holds 99.66% of voting rights on issued common stock.
(c) EXOR holds 32.75% of voting rights on issued capital.
(d) EXOR holds 41.68% of voting rights on issued capital.
(e) Voting rights are limited to 20%.

Fiat Chrysler Automobiles (FCA) (28.98% stake) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. FCA, the seventh-largest automaker in the world designs, engineers, manufactures, distributes and sells passenger cars, light commercial vehicles, components and production systems worldwide. The Group's automotive brands are: Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram and Maserati in addition to the SRT performance vehicle designation. FCA's businesses also include Comau (production systems), Magneti Marelli (components), Teksid (iron and castings) and Mopar, the after-sales services and parts brand. FCA is engaged in industrial activities in the automotive sector through companies located in 40 countries and has commercial relationships with customers in more than 140 countries. At 31 December 2017 FCA had 159 manufacturing facilities and 235,915 employees throughout the world.
FCA's operations relating to mass market brands (passenger cars, light commercial vehicles and related parts and services) are run on a regional basis and attributed to four regions representing four geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Russia, Middle East and Africa).

PartnerRe (100% of common stock) is a leading global reinsurer with headquarters in Pembroke (Bermuda). PartnerRe commenced operations in 1993 and provides Non-life (Property and Casualty and Specialty) and Life and Health reinsurance on a worldwide basis through its subsidiaries and branches serving more than 2,000 customers in its Non-life and Life and Health segments. PartnerRe has a global platform of 20 offices and is present in more than 150 countries. The company's principal offices are located in Hamilton (Bermuda), Dublin, Greenwich (Connecticut, USA), Paris, Singapore and Zurich. Risks reinsured include, but are not limited to, property, casualty, motor, agriculture, aviation/space, catastrophe, credit/surety, engineering, energy, marine, mortality, longevity and accident and health, and alternative risk products.

Ferrari (22.91% stake) completed its separation from FCA Group on 3 January 2016. Ferrari is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. The Ferrari brand is a symbol of excellence and exclusivity; the cars that carry this brand name are unique for performance, innovation, technologies, driving pleasure and design. A car that is the most authoritative example of "Made in Italy" the world over.
At 31 December 2017 Ferrari was present in over 60 markets worldwide through a network of 164 authorized dealers operating 185 points of sale with 8,398 cars sold in 2017.

CNH Industrial (26.89% stake) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. CNH Industrial's goal is the strategic development of its business. A large industrial base, a wide range of products and its worldwide geographical presence make CNH Industrial a global leader in the capital goods segment. Through its brands the company designs, produces and sells trucks, commercial vehicles, buses and specialty vehicles (Iveco), agricultural and construction equipment (the families of Case and New Holland brands), as well as engines and transmissions for those vehicles and engines for marine applications (FPT Industrial). Each of the Group's brands is a prominent international player in its respective industrial segment.
At 31 December 2017 CNH Industrial was present in approximately 180 countries giving it a unique competitive position across its 66 manufacturing plants, 53 research and development centers and had more than 63,000 employees.

Juventus Football Club (63.77% of share capital) is listed on the Mercato Telematico Azionario managed by Borsa Italiana (MTA). Founded in 1897, it is one of the most prominent professional football teams in the world

The Economist Group (43.40%) is a company headquartered in London and head of the editorial group that publishes *The Economist*, a weekly newspaper that, with a global circulation of more than one million copies, represents one of the most important sources of analysis in the international business world.

SIGNIFICANT EVENTS IN THE FIRST HALF 2018

Significant events below refer to EXOR N.V. and the Holdings System[(1)].

Issue of non-convertible bonds due January 2028

On 18 January 2018 EXOR issued bonds for a nominal amount of €500 million, maturing in January 2028, with a fixed annual coupon of 1.750% and an effective yield to maturity of 1.914%. The purpose of the issue was to raise new funds for EXOR's general corporate purposes, including the repayment of certain loan facilities of the company. The notes are listed on the Luxembourg Stock Exchange and are rated BBB+ by Standard and Poor's.

Issue of non-convertible bonds due February 2038

On 15 February 2018 EXOR issued bonds for a nominal amount of €200 million, maturing in February 2038, with a fixed annual coupon of 3.125%. The purpose of the issue was to refinance short-term debt. The notes, issued through a private placement to institutional investors, are listed on the Luxembourg Stock Exchange MTF Market and are rated BBB+ by Standard and Poor's.

Constitution of the Partners Council

On 24 May 2018 EXOR N.V. announced the constitution of a Partners Council chaired by former UK Chancellor of the Exchequer George Osborne.

The initial membership of the Partners Council is: Michael Larson - Chief Investment Officer of BMGI; Jorge Paulo Lemann - Co-Founder of 3G Capital; George Osborne, CH Editor of the London Evening Standard; Nassef Sawiris - CEO of OCI; Rob Speyer - President and CEO of Tishman Speyer; Joseph C. Tsai - Executive Vice Chairman of Alibaba Group; Mike Volpi - Co-Founder of Index Ventures; Ruth Wertheimer – Founder, Owner and Chairwoman of 7- Main.

The EXOR Partners Council brings together a group of highly successful business leaders representing a wide range of companies, nationalities, backgrounds and experiences.

This group will bring additional external experience and counsel into EXOR, which will be particularly valuable, for example, when exploring new business opportunities.

Resolutions by the shareholders' meeting of 29 May 2018

The EXOR Annual General Meeting of 29 May 2018 adopted the 2017 Annual Accounts and approved the payment of a dividend of €0.35 on each issued and outstanding ordinary share, for a total of €82.4 million.

Effective from the Annual General Meeting Joseph Y. Bae was appointed as an independent non-executive Director, while the directors Niccolò Camerana, Lupo Rattazzi, Robert Speyer, Mike Volpi and Ruth Wertheimer stepped down as board members. The Board will maintain a majority of independent directors.

The Audit Committee consists of Melissa Bethell (Chair), Laurence Debroux and Annemiek Fentener van Vlissingen and the Compensation and Nominating Committee, as per the same date, is composed by Antonio Horta-Osorio (Chair), Joseph Bae and Alessandro Nasi.

The Annual General Meeting also approved the renewal of the authorization for the purchase and disposal of EXOR's ordinary shares on the market, for 18 months from the date of the Shareholder's resolution, up to a maximum number of shares not to exceed the limit set by law, with a maximum disbursement of €500 million.

Finally, the Annual General Meeting approved the possibility for the Board to cancel repurchased shares held, or to be held, as treasury stock, for capital structure optimization purposes.

EXOR Euro-Commercial Paper Program

EXOR established its first Euro-Commercial Paper Program (ECP Program) on 15 May 2018 allowing it to issue short-term notes with maturity of up to 364 days and a maximum amount outstanding of €500 million.

The program enables the company to achieve greater diversification of its funding sources in the capital markets and enhance its liquidity management. The favorable conditions in the money markets have allowed the company to issue notes at an average yield of -0.21% until June 2018. At 30 June 2018 the total amount outstanding in the program was €115 million with an average maturity of 241 days.

(1) An Alternative Performance Measure as defined on page 8.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

Significant economic data

€ million	I Half 2018	I Half 2017	I Half 2016
Net Revenues	**71,726**	71,373	68,204
Profit before tax	**3,816**	4,413	2,011
Net profit	**2,820**	2,574	1,200
of which attributable to owners of the parent	**741**	916	431

Net revenues

€ million	I Half 2018	I Half 2017	I Half 2016
FCA	**55,733**	55,358	54,167
PartnerRe	**2,136**	2,434	1,600 [(a)]
Ferrari	**1,613**	1,568	1,405
CNH Industrial	**12,041**	11,776	10,860
Juventus	**203**	237	175
Adjustments	**-**	-	(3)
Net Revenues	**71,726**	71,373	68,204

(a) Refers to the period from 18 March 2016 (date of the closing of the PartnerRe acquisition) to 30 June 2016.

Profit

First half 2018 consolidated net profit amounts to €2,820 million, showing an increase of €246 million with respect to the first half 2017 result, mainly due to higher net revenues for €353 million (up 0.5%), lower financial expenses for €262 million and lower tax expenses for €843 million (that reflects principally the impact of the December 2017 U.S. tax reform and a decrease in deferred tax asset in Brazil), partially offset by an increase of operating costs for €711 million and lower other income for €500 million (in 2017 benefited from the reversal of FCA's Brazilian indirect tax liability).

First half 2017 consolidated net profit amounted to €2,574 million, showing an increase of €1,374 million with respect to the first half 2016 result, mainly due to higher net revenues (€3,169 million, up 4.6%), and the higher other income (€981 million, which benefited from the reversal of FCA's Brazilian indirect tax liability), partially offset by an increase of operating costs for €2,022 million and tax expenses for €1,028 million.

Significant financial data

€ million	30/06/2018	31/12/2017	31/12/2016
Cash and cash equivalents	**19,273**	20,028	25,161
Total assets	**167,776**	163,775	176,528
Gross debt	**44,845**	46,696	56,817
Issued capital and reserves attributable to owners of the parent	**11,415**	10,805	10,982
Non-controlling interests	**21,916**	20,381	19,238

Gross debt

€ million	30/06/2018	31/12/2017	31/12/2016
Bonds	**20,332**	22,103	25,487
Borrowings from banks	**10,590**	11,489	14,509
Asset-backed financing	**11,053**	10,943	12,075
Payables represented by securities	**188**	826	1,619
Other financial debt and liabilities	**2,870**	1,335	3,127
Gross debt	**44,845**	46,696	56,817

Financial debt is constituted mainly of bond issues and bank borrowings. As per usual practice, the major part of such debt agreements contain covenants which *inter alia* limit the capacity of Group companies to contract further debt, make certain types of investment, put into effect certain types of transaction with Group companies, dispose certain assets or merge with or into other companies and use assets as security for other transactions. Further, certain bond issues and bank borrowings require the issuer to remain in compliance with financial ratio covenants.

Cash flow

€ million	I Half 2018	I Half 2017	I Half 2016
Cash and cash equivalents at the beginning of the period	**20,028**	25,161	30,587
Cash and cash equivalents included in assets held for sale and discontinued operations	**0**	1	-
Cash and cash equivalents at the beginning of the period	**20,028**	25,162	30,587
Cash flow from (used in) operating activities	6,088	5,281	5,273
Cash flow from (used in) investing activities	(4,812)	(4,859)	(7,271)
Cash flow from (used in) financing activities	(2,036)	(5,899)	(2,559)
Translation exchange differences	5	(1,176)	(221)
Net cash change in cash and cash equivalents	(755)	(6,653)	(4,778)
Cash and cash equivalents at the end of the period	**19,273**	18,509	25,809
Cash and cash equivalents included in assets held for sale and discontinued operations	-	-	(20)
Cash and cash equivalents at the end of the period	**19,273**	18,509	25,789

In the first half of 2018 the Group generated positive cash flows from the operating activities for €6,088 million, while net cash flows used in investing activities were €4,812 million, mainly related to the investments in property, plant and equipment and intangible assets for €3,292 million.

Net cash used in financing activities was €2,036 million, primarily related to the repayment of notes for €2,598 million, partially offset by issuance of new notes for €687 million.

ALTERNATIVE PERFORMANCE MEASURES (APM)

To facilitate understanding of the economic and financial performance of EXOR and of the Group, the Management of EXOR has identified a number of Alternative Performance Measures (APM) which are used to identify operational trends and to make investment and resource allocation decisions. To ensure that the APM are correctly interpreted it is emphasized that these measures are not indicative of the future performance of the Group. The APM are not part of international reporting standards (IFRS) and are unaudited. They should not be taken as replacements of the measures required under the reference reporting standards. The aforesaid APM should be read together with the consolidated financial information prepared using the shortened consolidation criterion. APM used by EXOR, since they are not based on the reference financial reporting standards, may not be consistent with those used by other companies or groups and therefore may not be comparable. The APM used by EXOR have been computed consistently in terms of definition and presentation in all the reporting periods for which financial information is presented in this Report.

Further, it should be noted that the principal subsidiaries and affiliates make use of "non-GAAP" financial measures to illustrate their performance to the market. Such indicators are commonly used by analysts and investors in the sectors to which the subsidiaries belong to evaluate business performance. A description of the manner in which such indicators are computed is provided by the individual subsidiary companies and these are included in the Report on Operations section in the review of the performance of each subsidiary, as extracted from their respective published documents. Such information is prepared autonomously by the companies and is not homogeneous.

Set out below are the main APM's identified by EXOR: Net Asset Value and Net Financial position.

Net Asset Value (APM)

Net Asset Value (NAV) is the total value of assets net of the Gross Debt of the Holdings System as defined below. In determining the total value of assets at 30 June 2018, listed equity investments and other securities are valued at trading prices, unlisted equity investments are valued at fair value, determined annually by independent experts, and unlisted other investments (funds and similar instruments) are valued by reference to the most recent available fair value. Bonds held to maturity are valued at amortized cost. Treasury stock is valued at the official stock exchange price, except for the part designated to service stock option plans (measured at the option exercise price under the plan if this is less than the stock exchange price). The sum of the aforesaid values constitutes the total value of assets (Gross Asset Value). Gross Debt is the total amount of the financial debt of the Holdings System.

Items included in the calculation of Gross Asset Value and Gross Debt which are denominated in foreign currencies are converted at the official exchange rates at the corresponding reporting date.

At 30 June 2018 EXOR's NAV is $23,909 million (€20,508 million), an increase of $937 million (+4.1%) compared to $22,972 million (€19,155 million) at 31 December 2017.
NAV per share amounts to $99.21 equal to €85.09 ($95.32, equal to €79.48 at 31 December 2017).

The composition and change in NAV in US dollars are the following:

US $ million	30/06/2018	31/12/2017	Change	
			Amount	%
Investments	27,356	26,550	806	3.0%
Other assets [(a)]	610	343	267	77.8%
Gross asset value	**27,966**	26,893	1,073	4.0%
Gross Debt	**(4,057)**	(3,921)	(136)	3.5%
Net Asset Value (NAV)	**23,909**	22,972	937	4.1%

(a) Of which, at 30 June 2018: $4 million of financial investments, $397 million of cash and cash equivalents and $209 million of treasury stock. At 31 December 2017: $4 million of financial investments, $127 million of cash and cash equivalents and $212 million of treasury stock.

The value in Euro of the NAV presented in US dollars, converted at the exchange rates of the respective years is the following:

€ million	30/06/2018	31/12/2017
Investments	23,465	22,138
Other assets [(a)]	523	286
Gross Asset Value	**23,988**	22,424
Gross Debt	**(3,480)**	(3,269)
Net Asset Value (NAV)	**20,508**	19,155

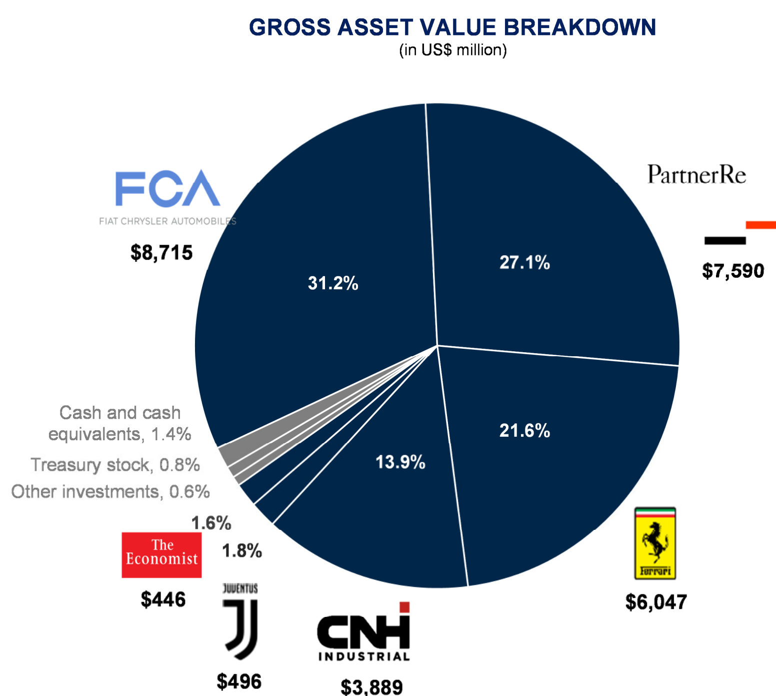
(a) Of which, at 30 June 2018: €3 million of financial investments, €341 million of cash and cash equivalents and €179 million of treasury stock. At 31 December 2017: €3 million of financial investments, €106 million of cash and cash equivalents and €177 million of treasury stock.

The following table shows the reconciliation between the Net Asset Value (NAV) and the issued capital and reserves attributable to owners of the parent:

€ million	30/06/2018	31/12/2017
Issued capital and reserves attributable to owners of the parent	**11,415**	10,805
Difference between the market value and the book value of the investments	8,912	8,171
Treasury stock and others	181	179
Net Asset Value (NAV)	**20,508**	19,155

NAV is also presented with the aim of aiding financial analysts and investors in forming their own assessments.

The following pie chart shows the composition of Gross Asset Value at 30 June 2018 ($27,966 million).
“Other investments” include the investments in Welltec and GEDI in addition to minor sundry investments.



Change in NAV per share compared to the MSCI World Index in U.S. Dollar

Net financial position of the Holdings System (APM)

The net financial position of the Holdings System, determined by applying the shortened consolidation criterion, provides the best presentation of the financial resources and commitments directly attributable to and managed by EXOR.

Using the shortened consolidation criterion adopted by EXOR rather than the line-by-line method of consolidation required by law and under IFRS, the data derived from the financial statements or accounting data prepared in accordance with IFRS by EXOR and by the subsidiaries constituting the Holdings System - Exor Nederland N.V. (the Netherlands), EXOR S.A. (Luxembourg), Exor Capital DAC (Ireland), Exor Investments Limited (United Kingdom), Exor Investment (UK) LLP (United Kingdom), Ancom USA Inc. (USA), Exor SN LLC (USA) - are consolidated in the financial statements of the parent company EXOR using the line-by-line method while the data derived from the financial statements or accounting data prepared in accordance with IFRS of the operating subsidiaries and associates (FCA, PartnerRe, Ferrari, CNH Industrial, Juventus Football Club, The Economist Group and Welltec) are included in the consolidated financial statements of the parent company EXOR using the equity method. The financial community is familiar with this information which facilitates analysis of the financial position and results of EXOR. The total financial assets and total financial liabilities set out in the table correspond to the total financial assets and total financial liabilities of the Holdings System. The net balance of these items represents the consolidated net financial position of the Holdings System.

Set out below are the data relating to the net financial position prepared in shortened consolidation form:

€ million	30/06/2018	31/12/2017	31/12/2016
Financial assets and financial receivables	**252**	82	88
Cash and cash equivalents	**89**	24	117
Cash, cash equivalents and financial assets	**341**	106	205
EXOR bonds	**(3,249)**	(2,521)	(2,999)
Bank debt	**(87)**	(714)	(601)
Commercial paper	**(115)**	-	-
Other financial payables	**(29)**	(35)	(29)
Gross debt	**(3,480)**	(3,270)	(3,629)
Consolidated net financial position of the Holding System	**(3,139)**	(3,164)	(3,424)

The reconciliation of the consolidated cash and cash equivalents of EXOR Group with the consolidated cash and cash equivalents of the Holdings System is as follows:

€ million	30/6/2018	31/12/2017	31/12/2016
Cash and cash equivalents of the Holdings System	**89**	24	117
Cash and cash equivalents of the operating subsidiaries accounted for using the equity method in the Holdings System	**19,184**	20,004	25,044
Cash and cash equivalents (1)	**19,273**	20,028	25,161

(1) GAAP measures, see page 7.

The reconciliation of the consolidated gross debt of EXOR Group with the consolidated gross debt of the Holdings System is as follows:

€ million	30/6/2018	31/12/2017	31/12/2016
Gross debt of the Holdings System	**(3,480)**	(3,270)	(3,629)
Gross debt of the operating subsidiaries accounted for using the equity method in the Holdings System	**(41,365)**	(43,426)	(53,188)
Gross debt (2)	**(44,845)**	(46,696)	(56,817)

(2) Resulting from the sum of the GAAP measures.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP - SHORTENED

EXOR holds its investments and manages its financial resources directly or through certain subsidiaries: Exor Nederland N.V., EXOR S.A., Exor Capital DAC, Exor Investments Limited, Exor Investment (UK) LLP, Ancom USA Inc., Exor SN LLC. These companies, together with the holding company, EXOR, constitute the so-called "Holdings System".

The Shortened Consolidation data is prepared by EXOR on the basis of a "shortened" method of consolidation in which the data derived from the IFRS financial statements of EXOR and of the subsidiaries of the Holdings System are included in the consolidated financial statements of the parent company EXOR using the line-by-line method, while the data derived from the financial statements prepared in accordance with IFRS of the operating subsidiaries and affiliates (FCA, PartnerRe, Ferrari, CNH Industrial, Juventus Football Club, The Economist Group and Welltec) are consolidated using the equity method.

EXOR believes that these data and information facilitate the analysis of the financial position and the results of EXOR; in addition the shortened consolidation method is recognized by the financial community, by financial counterparties and by the rating agencies.
Nevertheless, such data does not fully represent, nor should be treated as the consolidated financial position of the EXOR Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups. The consolidated data prepared in shortened form are not audited by the independent auditors.

Following the retrospective adoption on 1 January 2018 of the IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers EXOR recognized the accumulated transitional effects in the retained earnings on the date of initial application.
EXOR has not restated consolidated shortened data as a result of the adoption of IFRS 9 and 15, but has quantified the effects attributable to FCA and CNH Industrial on the statement of financial position. The adoption of the standards generated a net reduction in EXOR's equity of €32.9 million at 1 January 2018.

The following table shows the consolidation and valuation methods used for the diversified holdings:

	% of consolidation		
	30/06/2018	31/12/2017	30/06/2017
Holding Company - EXOR N.V. (the Netherlands)	100	100	100
Companies in the Holdings System consolidated line-by-line			
- Exor Nederland N.V. (the Netherlands)	**100**	100	100
- EXOR S.A. (Luxembourg)	**100**	100	100
- Exor Capital DAC (Ireland)	**100**	100	100
- Exor Investments Limited (United Kingdom)	**100**	100	100
- Exor Investments (UK) LLP (United Kingdom)	**99.67**	99.67	-
- Ancom USA Inc. (USA)	**100**	100	100
- Exor SN LLC (USA)	**100**	100	100
Investments in operating subsidiaries and associates, accounted for using the equity method			
- FCA	**28.98**	29.18	29.23
- PartnerRe	**100**	100	100
- Ferrari	**23.55**	23.52	23.52
- CNH Industrial	**27.07**	26.91	26.90
- Juventus Football Club S.p.A.	**63.77**	63.77	63.77
- The Economist Group	**43.40**	43.40	43.40
- Welltec [(a)]	**22.12**	21.24	-

(a) Accounted for in accordance with IAS 39 up to 30 June 2017.

EXOR Group closed the first half of 2018 with a consolidated profit of €741 million; the first half of 2017 ended with a consolidated profit of €916.3 million. The decrease of €175.3 million is attributable to the reduction in the share of the profit of investments of €80 million, to the lower net financial income of €76.9 million and to other net negative changes of €18.4 million.

At 30 June 2018 the consolidated equity attributable to owners of the parent amounts to €11,415 million with a net increase of €610.2 million compared to €10,804.8 million at 31 December 2017 (an increase of €643.1 million compared to €10,771.9 million at 31 December 2017, net of the impact resulting from the adoption of IFRS 9 and IFRS 15). Additional details are provided in Note 8.

The consolidated net financial position of the Holdings System at 30 June 2018 is a negative €3,139.5 million and reflects a positive change of €24.2 million compared to the negative financial position of €3,163.7 million at 31 December 2017. Additional details are provided in Note 9.

The shortened consolidated income statement and statement of financial position and notes on the most relevant line items are presented below.

EXOR GROUP – Consolidated Income Statement – Shortened

		I Half		
€ million	Note	2018	2017	Change
Share of the profit (loss) of investments accounted for using the equity method	1	**772.0**	852.0	(80.0)
Dividends from investments	2	**0.0**	1.1	(1.1)
Losses (gain) on disposals and impairment (losses) reversals on investments		**(1.6)**	0.0	(1.6)
Net financial (expenses) income	3	**(20.6)**	56.3	(76.9)
Net general expenses	4	**(8.3)**	(12.0)	3.7
Non-recurring other (expenses) income and general expenses	5	**(0.3)**	(2.3)	2.0
Income taxes and other taxes and duties		**(0.2)**	21.2 [(a)]	(21.4)
Profit (loss) attributable to owners of the parent		**741.0**	916.3	(175.3)

(a) Of which €21.3 million related to the updated estimate of the Italian Exit tax settled in June 2017.

EXOR GROUP – Consolidated Statement of Financial Position – Shortened

€ million	Note	30/06/2018	31/12/2017	Change
Investments accounted for using the equity method	6	**14,497.4**	13,879.5	617.9
Investments measured at fair value	7	**40.0**	44.1	(4.1)
Other investments		**3.5**	3.7	(0.2)
Property, plant and equipment, intangible assets and other assets		**16.0**	15.4	0.6
Financial assets, financial receivables and cash and cash equivalents	9	**340.9**	105.7	235.2
Tax receivables and other assets		**5.9**	6.6	(0.7)
Assets held for sale		**-**	28.2 [(a)]	(28.2)
Total Assets		**14,903.7**	14,083.2	820.5
Issued capital and reserves attributable to owners of the parent	8	**11,415.0**	10,804.8	610.2
Bonds	9	**3,249.4**	2,521.3	728.1
Bank debt and commercial paper	9	**202.1**	714.4	(512.3)
Other financial liabilities	9	**28.9**	33.7	(4.8)
Tax payables and other liabilities		**8.3**	9.0	(0.7)
Total Equity and Liabilities		**14,903.7**	14,083.2	820.5

(a) Related to the sale of the investment in Banca Leonardo completed on 30 April 2018. Value aligned to the estimated sale proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - SHORTENED

1. Share of the profit (loss) of investments accounted for using the equity method

The share of the profit of investments accounted for using the equity method in the first half of 2018 amounts to €772 million, with a decrease of €80 million compared to the first half of the prior year (€852 million). The negative change reflects in particular the decrease in the share of the profit of PartnerRe and Juventus, for €206.8 million and €22.7 million respectively, partially offset by the increase of CNH Industrial and Ferrari for €152 million and €11.4 million respectively.
In particular the decrease of PartnerRe is principally driven by unrealized investment losses linked to increase in risk-free rates and credit spreads in the U.S., while the increase of CNH Industrial includes a positive impact from the modification of a healthcare plan following the favorable judgment issued by the United States Supreme Court.

	Profit (Loss) (million)					EXOR's share (€ million)		
	I Half					I Half		
		2018		2017	Change	**2018**	2017	Change
FCA [a]	€	**1,764**	€	1,782	(18.0)	**509.8**	520.3	(10.5)
PartnerRe	$	**7**	$	230	(223.0)	**5.7**	212.5	(206.8)
Ferrari	€	**308**	€	260	48.0	**72.5**	61.1	11.4
CNH Industrial [a]	$	**951**	$	249	702.0	**212.8**	60.8	152.0
Juventus Football Club [b]	€	**(62.2)**	€	(26.6)	(35.6)	**(39.7)**	(17.0)	(22.7)
The Economist Group [c]	£	**25.0**		28.5	(3.5)	**12.5**	14.3	(1.8)
Welltec [d]	$	**(9.0)**		-	-	**(1.6)**	-	(1.6)
Total						**772.0** [e]	852.0 [e]	(80.0)

(a) Includes consolidation adjustments.
(b) The profit relates to the accounting data prepared for the Company's consolidation in EXOR and refers to the period 1 January – 30 June.
(c) The profit refers to the period 1 October – 31 March.
(d) Accounted using the equity method starting from 31 December 2017 following the acquisition of an additional interest in the share capital at the end of the year.
(e) Of which on the first Half of 2018 €649.6 million correspond to the share of the profit (loss) and €122.4 million to dividends and on the first Half of 2017 €760.4 million correspond to the share of the profit and €91.6 million to dividends.

For comments on the performance of the principal operating subsidiaries please refer to the section "Review of performance of the operating subsidiaries".

2. Dividends from investments

€ million	**I Half 2018**	I Half 2017	Change
Dividends received from investments accounted for using the equity method:			
- PartnerRe	**39.5**	23.0	16.5
- Ferrari	**31.5**	28.2	3.3
- CNH Industrial	**51.4**	40.4	11.0
Dividends received from other investment holdings			
- Other	**0.0**	1.1	(1.1)
Dividends included in the net financial position	**122.4**	92.7	29.7
less: Dividends received from investments accounted for using the equity method	**(122.4)**	(91.6)	(30.8)
Dividends included in the income statement	**0.0**	1.1	(1.1)

3. Net financial (expenses) income

In the first half of 2018 net financial expenses amount to €20.6 million (net financial income of €56.3 million in 2017).

€ million	I Half 2018		I Half 2017		Change
Interest income on:					
- bank current accounts and deposits	**0.3**		0.2		0.1
- bonds	**1.2**		1.6		(0.4)
Income (expenses) and fair value adjustments to financial assets	**13.8**	(a)	(0.1)		13.9
Other financial income	**1.6**		0.4		1.2
Interest income and other financial income, net	**16.9**		2.1		14.8
Interest expenses and other financial expenses:					
- Interest expenses and other expenses on EXOR bonds	**(45.5)**	(b)	(48.9)	(b)	3.4
- Interest expenses and other expenses on bank borrowings	**(1.7)**		(5.8)		4.1
Interest expenses and other financial expenses	**(47.2)**		(54.7)		7.5
Exchange gains (losses), net	**9.7**		(0.2)		9.9
Financial (expenses) income generated by the financial position	**(20.6)**		(52.8)		32.2
Income (expenses) on other investments and other net financial income [(c)]	**-**		109.1	(d)	(109.1)
Financial (expenses) income recorded in the income statement	**(20.6)**		56.3		(76.9)

(a) Fair value related to a Luxembourg SICAV investment.
(b) Includes the credit risk adjustment component recorded in the income statement relating to the fair value measurement of the cross currency swap in accordance with IFRS 13, which is a negative €0.4 million, (positive €0.3 million in the first half of 2017).
(c) Includes investments measured at fair value and other investments.
(d) Refers to the net gain realized on the total redemption of The Black Ant Value Fund, arising from the reversal of the available for sale reserve.

4. Net general expenses

Net general expenses in the first half of 2018 amount to €8.3 million with a decrease of €3.7 million compared to the first half of 2017 (€12 million). The balance includes the cost of EXOR's stock option plans of €3 million (€3.6 million in the first half of 2017).

The main items are detailed below:

€ million	I Half 2018	I Half 2017	Change
Personnel costs	**(2.9)**	(2.9)	0.0
Compensation and other costs relating to directors	**(0.8)**	(1.0)	0.2
Service costs net	**(1.6)**	(4.5)	2.9
Net general expenses generated by financial position	**(5.3)**	(8.4)	3.1
Share based compensation plan costs	**(3.0)**	(3.6)	0.6
Net general expenses recorded in the income statement	**(8.3)**	(12.0)	3.7

5. Non-recurring other income (expenses) and general expenses

In the first half of 2018 non-recurring other expenses amount to €0.3 million and are related to consulting fees.

In the first half of 2017 non-recurring other expenses amounted to €2.3 million and are related to contributions to cultural and charitable associations (€1.8 million) and to consulting fees (€0.5 million).

6. Investments accounted for using the equity method

€ million	30/06/2018	31/12/2017 (As previously reported)	Adjustment IFRS 15/ IFRS 9	1 January 2018 (as adjusted)	Change
FCA	**6,511.5**	6,071.3	6.0	6,077.3	434.2
PartnerRe	**5,732.2**	5,639.4		5,639.4	92.8
Ferrari	**240.6**	206.1		206.1	34.5
CNH Industrial	**1,573.4**	1,492.9	(38.9)	1,454.0	119.4
Juventus Football Club	**47.5**	87.4		87.4	(39.9)
The Economist Group	**301.1**	294.4		294.4	6.7
Welltec	**91.1**	88.0		88.0	3.1
Total	**14,497.4**	13,879.5	(32.9)	13,846.6	650.8

The positive change in EXOR's investment in FCA (€434.2 million) is mainly attributable to EXOR's share of the profit for the period (€509.8 million), partially offset by the negative translation exchange differences (€54.2 million).

The positive change in EXOR's investment in PartnerRe is mainly due to the positive translation exchange differences (€127.3 million), partially offset by the payment of dividends (€39.5 million),

The positive change in EXOR's investment in Ferrari is primarily due to the EXOR's positive share of the result of €72.5 million, partially offset by the payment of dividends (€31.5 million) and the buy- back of treasury stock (€7 million).

The positive change in EXOR's investment in CNH Industrial (€119.4 million) can be ascribed primarily to EXOR's share of the profit for the period (€212.8 million), partially offset by the payment of dividends (€52.6 million), the negative translation exchange differences (€30.5 million) and the buy-back of treasury stock (€30 million).

7. Investments measured at fair value

The investments measured at fair value amount to €40 million (€44.1 million at 31 December 2017) and include principally investments in GEDI and PWP Holdings (formerly Noco A). The negative change (€4.1 million) is mainly due to the negative fair value adjustment in GEDI (€11.4 million) partially offset by new minor investments.

8. Issued capital and reserves attributable to owners of the parent

€ million	30/06/2018	31/12/2017	Change
Share capital	**2.4**	2.4	0.0
Reserves	**11,412.7**	10,802.5	610.2
Treasury stock	**(0.1)**	(0.1)	0.0
Total	**11,415.0**	10,804.8	610.2

Details of changes during the year are as follows:

€ million	
31 December 2017 (as previously reported)	**10,804.8**
Impact resulting from the adoption of IFRS 9 - Financial Instruments and IFRS15 - Revenue from Contracts with Customers	**(32.9)** (a)
1st January 2018 (as adjusted)	**10,771.9**
Fair value adjustment to investments and other financial assets	
- Gedi	(11.4)
- Other	0.3
Measurement of EXOR derivative financial instruments	1.8
Dividend paid by EXOR	(82.4)
Attributable other net changes recorded in equity, shown by EXOR, its subsidiaries and the investments consolidated and accounted for using the equity method:	
- Exchange differences on translation	36.0
- Buy back treasury stock	(37.0)
- Share based compensation	27.2
- Other	(32.4)
Consolidated profit attributable to owners of the parent	741.0
Net change during the period	**643.1**
30 June 2018	**11,415.0**

(a) Following the retrospective adoption on 1 January 2018 of the IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers, EXOR Group recognized the accumulated transitional effects in the retained earnings on the date of initial application. The effects are attributable to FCA (+€6 million) and CNH Industrial (-€38.9 million).

9. Net financial position of the Holdings System

The net financial position of the Holdings System at 30 June 2018 is a negative €3,139.5 million and shows a positive change of €24.2 million compared to the balance at 31 December 2017 (a negative €3,163.7 million).

€ million	30/06/2018	31/12/2017	Change
Financial assets	**216.4**	56.6	159.8
Financial receivables	**35.6**	25.7	9.9
Cash and cash equivalents	**88.9**	23.4	65.5
Cash, cash equivalents and financial assets	**340.9**	105.7	235.2
EXOR bonds	**(3,249.4)**	(2,521.3)	(728.1)
Bank debt	**(87.0)**	(714.4)	627.4
Commercial paper	**(115.1)**	-	(115.1)
Other financial liabilities	**(28.9)**	(33.7)	4.8
Gross debt	**(3,480.4)**	(3,269.4)	(211.0)
Net financial position of the Holdings System	**(3,139.5)**	(3,163.7)	24.2

Financial assets include principally a Luxembourg SICAV investment for €163.8 million. The total amount invested in the first half of 2018 is equal to €150 million, while the fair value recognized to profit (loss) is €13.8 million. It is also included a debt security listed on an active market measured at amortized cost for €52.3 million.

Financial receivables includes the loan granted to Almacantar (€27.3 million) and the credit arising from the divestment of Banca Leonardo (€8.3 million), completed in April 2018.

Cash and cash equivalents include demand deposits or short-term deposits, and readily negotiable money market instruments and bonds. Investments are spread over an appropriate number of counterparties chosen according to their creditworthiness and their reliability since the primary objective is to hold investments which can readily be converted into cash.

At 30 June 2018 bonds issued by EXOR can be analyzed as follows:

Issue date	Maturity date	Issue price		Rate (%)		Nominal amount (million)		Balance at 30/06/2018 (€ million)	Balance at 31/12/2017 (€ million)	Change
16-Oct-12	16-Oct-19	98.136		fixed 4.750		150.0		**(154.4)**	(150.7)	(3.7)
12-Nov-13	12-Nov-20	99.053		fixed 3.375		200.0		**(203.5)**	(200.0)	(3.5)
03-Dec-15	02-Dec-22	99.499		fixed 2.125		750.0		**(754.9)**	(746.5)	(8.4)
08-Oct-14	08-Oct-24	100.090		fixed 2.500		650.0		**(660.7)**	(652.5)	(8.2)
07-Dec-12	31-Jan-25	97.844		fixed 5.250		100.0		**(100.7)**	(103.3)	2.6
22-Dec-15	22-Dec-25	100.779	(a)	fixed 2.875		450.0	(a)	**(458.2)**	(451.9)	(6.3)
20-May-16	20-May-26	99.650		fixed 4.398		170.0	(b)	**(145.9)**	(141.8)	(4.1)
18-Jan-18	18-Jan-28	98.520		fixed 1.750		500.0		**(495.0)**	-	(495.0)
09-May-11	09-May-31	100.000		fixed 2.800	(c)	10,000.0	(d)	**(78.0)**	(74.6)	(3.4)
15-Feb-18	15-Feb-38	98.183		fixed 3.125		200.0		**(198.1)**	-	(198.1)
								(3,249.4)	(2,521.3)	(728.1)
- Current portion								(47.0)	(14.1)	(32.9)
- Non-current portion								**(3,202.4)**	(2,507.2)	(695.2)

(a) Originally €250 million; the amount was increased by another €200 million on 10 May 2016. The issue price corresponds to the weighted average of the prices calculated on the entire amount of €450 million.
(b) Nominal value in $ million.
(c) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.
(d) Nominal value in Yen million.

The bank debt decrease of €627.4 million is mainly attributable to the repayment of credit line, of which €247.9 million in foreign currency.

Commercial paper of €115.1 million is the outstanding amount of the €500 million EXOR Euro-Commercial Paper Program established on 15 May 2018.

Other financial liabilities (€28.9 million) mainly consist of the measurement of cash flow hedge derivative instruments.

The net change in the first half of 2018, a positive €24.2 million, can be analyzed as follows:

€ million		I Half 2018	I Half 2017	2017
Net financial position of the Holdings System - Initial amount	Note	**(3,163.7)**	**(3,424.3)**	(3,424.3)
Dividends received from investments	1	122.4	92.7	222.0
Distribution of reserves of investments		0.0	8.1	8.1
Sales/Redemptions	2	26.7	356.2	356.9
Investments	3	(11.2)	(11.7)	(44.5)
Dividend paid by EXOR		(82.4)	(82.1)	(82.1)
Other changes	4	(31.3)	(167.5)	(199.8)
Net change during the period		**24.2**	**195.7**	**260.6**
Net financial position of the Holdings System - Final amount		**(3,139.5)**	(3,228.6)	(3,163.7)

€ million	1/1-30/06/2018	1/1-30/06/2017	1/1-12/31/2017
1. Dividends received from investments	**122.4**	**92.7**	**222.0**
PartnerRe	39.5	23.0	128.1
Ferrari	31.5	28.2	28.2
CNH Industrial	51.4	40.4	40.4
The Economist Group	-	-	17.9
Other	-	1.1	7.4
2. Sales/Redemptions	**26.7**	**356.2**	**356.9**
Banca Leonardo	26.5 (a)		
The Black Ant Value Fund		353.5	353.5
Investment Funds		2.7	3.4
Other Asset	0.2	-	-
3. Investments	**(11.2)**	**(11.7)**	**(44.5)**
Welltec	(4.5)	(10.0)	(32.5)
GEDI	-	-	(6.8)
Other	(6.7)	(1.7)	(5.2)
4. Other changes	**(31.3)**	**(167.5)**	**(199.8)**
Net general expenses	(5.3)	(8.4)	(21.5)
Non recurring other general expenses	(0.3)	(0.5)	(6.3)
Net financial expenses	(20.6)	(52.8)	(95.0)
Exit tax payment	-	(145.7)	(145.7)
Translation exchange differences	(6.9)	34.5	48.5
Other net changes	1.8	5.4	20.2

(a) Including €8.3 million not yet received.

Credit Lines and rating

At 30 June 2018 EXOR has irrevocable credit lines in Euro of €400 million expiring after 30 June 2019, as well as revocable credit lines of €486.8 million.
At the same date EXOR also has credit lines in foreign currency for a total of $90 million (€77.2 million) expiring after 30 June 2019.
The residual irrevocable credit line in foreign currency for the acquisition of PartnerRe ($300 million) was fully repaid in January 2018.

EXOR's long-term and short-term debt rating from Standard & Poor's are "BBB+" and "A-2", respectively, with a "stable outlook".

REVIEW OF PERFORMANCE OF THE OPERATING SUBSIDIARIES

(The percentages indicated for the stakes, voting rights and share capital are calculated on the basis of data at 30 June 2018)

FCA

FIAT CHRYSLER AUTOMOBILES

(28.98% stake, 42.11% of voting rights on issued capital)

The key consolidated data of FCA for the first half of 2018 are as presented below:

€ million	Half I 2018	Half I 2017	Change Amount	Change %
Net revenues	**56,020**	55,644	376	+1
Adjusted EBIT [(1)]	**3,266**	3,402	(136)	(4)
Net Profit	**1,775**	1,796	(21)	(1)
Net Industrial cash (debt) [(2)]	**456**	(2,390)	2,846	n.s.

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT excludes certain adjustments from Net profit including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expenses/(benefit).

(2) At 30 June 2018 and at 31 December 2017. Net industrial cash (debt) is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) current available-for-sale and held-for-trading securities, (iii) current financial receivables from Group or jointly controlled financial services entities and (iv) derivative financial assets and collateral deposits; therefore, debt, cash and other financial assets/liabilities pertaining to financial services entities are excluded from the computation of Net industrial cash (debt).

Net revenues

€ million	Half I 2018	Half I 2017	Change amount	Change % actual	Change % CER [(1)]
NAFTA	**33,952**	33,181	771	2.3	13.9
LATAM	**3,996**	3,683	313	8.5	29.8
APAC	**1,271**	1,642	(371)	-22.6	-15.7
EMEA	**11,970**	11,640	330	2.8	3.6
Maserati	**1,322**	2,023	(701)	-34.7	-31.6
Components (Magneti Marelli, Teksid, Comau)	**5,091**	5,186	(95)	-1.8	3.9
Other activities, unallocated items and adjustments	**(1,582)**	(1,711)	129		
Net revenues	**56,020**	**55,644**	376		

1) Constant exchange rate which is calculated by applying the prior year average exchange rates to translate current financial data expressed in local currency in which the relevant financial statements are denominated.

The increase in NAFTA was primarily due to €3.6 billion from an increase in volumes and €1.1 billion from positive net pricing, partially offset by €3.8 billion negative foreign exchange translation effects.

The increase in LATAM was primarily due to €0.9 billion from higher shipments and favorable vehicle mix and €0.1 billion positive net pricing, which were partially offset by €0.8 billion from negative foreign exchange translation effects.

The decrease in APAC was primarily due to unfavorable mix and pricing actions resulting from announced changes to China import duties, in addition to negative foreign exchange translation effects.

The increase in EMEA was primarily due to increases from volumes and favorable mix being, partially offset by negative net pricing and negative foreign exchange effects.

The decrease in Maserati was primarily due to lower volumes and negative foreign currency translation effects.

The decrease in Components was primarily due to negative foreign currency translation effects, partially offset by higher volumes in Magneti Marelli and Teksid.

Adjusted EBIT

The analysis of Adjusted EBIT by segment is as follows:

	Half I		Change
€ million	**2018**	2017	
NAFTA	**2,613**	2,592	21
LATAM	**175**	40	135
APAC	**(88)**	65	(153)
EMEA	**370**	378	(8)
Maserati	**88**	259	(171)
Components (Magneti Marelli, Teksid, Comau)	**248**	248	0
Other activities, unallocated items and adjustments	**(140)**	(180)	40
Adjusted EBIT	**3,266**	3,402	(136)

The slight increase in NAFTA was mainly attributable to higher shipments and favorable vehicle and market mix, positive net pricing, primarily for new vehicles, and lower selling, general and administrative expenses due to efficiencies and the timing of advertising, partially offset by higher industrial costs, which mainly related to launch costs and increased product content and negative foreign currency translation effects.

The increase in LATAM was mainly attributable to higher volumes and favorable mix and positive net pricing, partially offset by higher industrial costs, including inefficiencies from the truckers' strike and higher advertising costs related to new vehicles.

The decrease in APAC was mainly attributable to lower net revenues and lower results from the GAC FCA Joint Venture, partially offset by lower selling, general and administrative expenses.

The slight decrease in EMEA was mainly attributable to negative net pricing, including foreign exchange translation impacts, primarily from British Pound Sterling partially offset by lower industrial costs, primarily due to purchasing and manufacturing efficiencies, as well as favorable foreign currency transaction effects, primarily from U.S. Dollar; and lower selling, general and administrative costs.

The decrease in Maserati Adjusted EBIT was mainly attributable due to lower shipments and negative foreign exchange effects and negative pricing, primarily in connection with China duty reductions, partially offset by industrial and SG&A cost efficiencies.

Components Adjusted EBIT for the six months ended 30 June 2018 was in line compared to the same period in 2017 and primarily reflects negative foreign currency translation effects, partially offset by higher volumes in Magneti Marelli and Teksid.

Net industrial cash (debt)

Improved €2.8 billion from 31 December 2017 to a net industrial cash position of €0.5 billion at 30 June 2018, primarily due to industrial free cash flow of €1.5 billion, net of capital expenditures of €1.3 billion.

€ million	**06/30/2018**	**12/31/2017**	Change
Debt	**(16,362)**	**(17,971)**	1,609
Current financial receivables from jointly-controlled financial services companies	**296**	285	11
Derivative financial assets (liabilities) net and collateral deposits	**326**	206	120
Current debt securities	**284**	176	108
Cash and cash equivalents	**13,243**	12,638	605
Net Cash (debt)	**(2,213)**	**(4,666)**	2,453
Exclude: Net financial services debt	**2,669**	2,276	393
Net industrial cash (debt)	**456**	**(2,390)**	2,846

Significant events in the first-half of 2018 and subsequent events

On 5 February 2018 S&P Global Ratings raised its long-term corporate credit rating on FCA N.V. from “BB” to “BB+”, while maintaining the Positive Outlook. The short-term credit rating is confirmed at “B”.

On 6 March 2018 Moody’s Investors Service raised from “Ba3” to “Ba2” the Corporate Family Rating of FCA N.V., and from “B1” to “Ba3” the rating on the bonds issued or guaranteed by FCA N.V. The outlook is stable.

On 27 March 2018 Fiat Chrysler Automobiles N.V. announced that it has amended its syndicated revolving credit facility originally signed in June 2015 (“RCF”). The amendment, entered into with a group of twenty-seven banks, provides for the extension of the RCF’s final maturity to March 2023. The RCF, as amended, will be available for general corporate purposes and for working capital needs of the Group and is structured in two tranches: €3.125 billion, with a 37-month tenor and two extension options of 1-year and of 11-months exercisable on the first and second anniversary of the amendment signing date, respectively, and €3.125 billion, with a 60-month tenor. This transaction confirmed the international key relationship banks’ strong support to FCA.

On 5 April 2018 the Board of Directors of Fiat Chrysler Automobiles N.V. announced that it has authorized FCA management to develop and implement a plan to separate the Magneti Marelli business from FCA and to distribute shares of a new holding company for Magneti Marelli to the shareholders of FCA. The separation is expected to be completed by the end of 2018 or early 2019 and shares of Magneti Marelli are expected to be listed on the Milan stock exchange.
The separation of Magneti Marelli will be subject to customary regulatory approvals, tax and legal considerations, final approval of the transaction structure by the FCA Board of Directors and other customary requirements. FCA may, at any time and for any reason, modify or terminate the proposed transaction, and there can be no assurances regarding the ultimate timing or completion of the proposed transaction.

In May 2018, the Group announced a further expansion of the partnership with Waymo with an agreement to deliver up to an additional 62,000 Chrysler Pacifica Hybrid minivans to Waymo’s self-driving fleet over the next three years.

On 1 June 2018, FCA presented the Group’s 2018-2022 Business Plan that builds upon the strategic actions taken in the prior plan to generate volume growth and margin expansion through the following:

- Continued emphasis on building strong brands by leveraging renewals of key products and portfolio expansion through new white space products with particular focus on the Jeep, Ram, Maserati and Alfa Romeo brands;
- Continue to focus on industrial rationalization to deliver cost savings through Manufacturing and Purchasing efficiencies;
- Implementation of various electrified powertrain applications throughout the portfolio to achieve regulatory compliance;
- Continue to partner with various outside experts to enhance skill set related to autonomous driving technologies, preserve full optionality and ensure speed to market; and
- Maintain a disciplined approach to the deployment of capital which includes re-establishment of consistent shareholder remuneration actions and pursuit of new business opportunities such as a U.S. captive finance company to maximize value creation.

FCA Group continue to assess the potential impacts of operationalizing and implementing the strategic targets set out in the updated Business Plan, including re-allocation of FCA resources, which may impact the recoverability of certain of assets or asset groups in future periods.

On 27 June 2018 Fiat Chrysler Automobiles N.V. signed with the European Investment Bank (“EIB”), a €420 million four-year loan to support research and development (“R&D”) projects to be implemented by FCA during 2018-2020. FCA investment in R&D for the period 2018-2020 has a number of key objectives including electrification technology solutions for hybrid and battery electric vehicles and the development of autonomous driving. Moreover, the R&D activities will be dedicated to the application of connectivity technologies for the offering of telematics services on the FCA product line-up. The R&D projects include also the development of digital technologies to be deployed in manufacturing processes. The loan consolidates EIB collaboration with FCA.

On 21 July 2018 the Board of Directors of Fiat Chrysler Automobiles N.V. named Mike Manley as CEO and called the Extraordinary General Meeting of Shareholders ("EGM"), which will take place on 7 September 2018 in Amsterdam to resolve on the proposed appointment of Mr. Michael Manley as executive director of the Company.

Outlook[1]

Based on the performance of APAC and Maserati for the three months ended 30 June 2018, which were impacted by changes in China import duties; slower than planned ramp-up of the all-new RAM 1500; and the impact on consumer confidence in Brazil coming from the recent truckers' strike which we expect to continue through the upcoming elections, the Group revised its 2018 full year guidance as reported below. Adjusted net profit is confirmed at ~ €5 billion reflecting expected lower financial charges and effective tax rate.

- Net revenues €115-€118 million from ~€125 billion;
- Adjusted EBIT €7.5 billion from ≥ €8.7 billion;
- Adjusted net profit~€5.0 billion- confirmed;
- Net industrial cash~€3.0 billion from €4.0 billion.

(1) Amounts do not include any impacts from the previously announced potential spin-off of the Magneti Marelli business.

(99.66% of voting rights; 100% interest in common shareholder's equity through EXOR Nederland N.V.)

The data presented and commented below are derived from PartnerRe's consolidated financial information for the first half ended 30 June 2018 prepared in accordance with US GAAP.

$ million	H1 2018	H1 2017	H1 Change
Net premiums written	3,143	2,650	493
Non-life combined ratio [a]	94.3%	91.7%	n/a
Life and Health allocated underwriting result [b]	50	(5)	55
Other expenses	164	180	(24)
Net investment return	(0.4%)	2.1%	n/a
Net income attributable to PartnerRe common shareholders [c]	5	229	(224)
Net Income ROE [d]	0.2%	7.6%	n/a

(a) The Company uses combined ratio to measure results for the Non-life P&C and Specialty segments. The combined ratio is the sum of the technical and other expense ratios.
(b) The Company uses allocated underwriting result as a measure of underwriting performance for its Life and Health segment. This metric is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other expenses.
(c) Net income/loss attributable to PartnerRe common shareholders is defined as net income/loss attributable to PartnerRe less preferred dividends.
(d) Net income ROE is calculated as net income return on average common shareholders' equity.

Net premiums written of $3.1 billion were up 19% for the first half of 2018 compared to $2.6 billion in the same period of 2017. The increase was driven by all segments and was primarily due to new business written in the P&C and Specialty segments as well as increases in the Life and Health segment. The Life business benefited from organic growth and a favorable foreign exchange impact as well as the inclusion of the Aurigen life premiums for two quarters in 2018 compared to only one quarter in 2017 (following the acquisition of Aurigen on 2 April 2017), while the Health business increased due to higher rates.

The Non-life combined ratio was 94.3% for the half year 2018 compared to 91.7% for the same period of 2017 primarily reflecting a lower prior years' reserve development and improved current accident year technical ratios. The net favorable prior year development was $70 million (3.7 points) for the half year 2018 compared to $196 million (12.0 points) for 2017. Both the P&C and Specialty segments experienced net favorable development in the first half of 2018 and 2017.

Allocated underwriting result in the Life and Health segment for the half year 2018 was a gain of $50 million compared to a loss of $5 million in 2017, driven by a $31 million improvement in Health and a $24 million improvement in Life business.

Other expenses decreased to $164 million in the first half of 2018 compared to $180 million in the same period of 2017, primarily due to lower personnel costs, lower facilities expenses and transaction and reorganization costs incurred in 2017.

Net investment return for the half year 2018 was negative $60 million, or 0.4%, and included net investment income of $208 million, net realized and unrealized investment losses of $296 million and interest in earnings of equity method investments of $28 million. This compares to a positive return of $363 million, or 2.1%, for the half year 2017, which included net investment income of $201 million, net realized and unrealized investment gains of $152 million and interest in earnings of equity method investments of $10 million. Net investment income of $208 million for the half year 2018 was up $7 million, or 3%, compared to the same period of 2017, mainly due to higher reinvestment rates and changes in the fixed income portfolio allocation. Net realized and unrealized investment losses of $296 million for the half year 2018 were primarily driven by lower fair value of fixed income securities due to an increase in risk-free rates in the U.S. coupled with a widening of credit spreads in the U.S. and Europe, compared to net realized and unrealized investment gains of $152 million for the half year 2017, which were primarily driven by higher fair value of fixed income securities due to a narrowing of investment grade corporate spreads. Financial assets (mainly alternative credit, public and private equity) and real estate reported a $57 million gain for the half year 2018, compared to a $49 million gain in the same period of 2017.

Net foreign exchange gains were $70 million in the first half of 2018 compared to losses of $66 million in the same period of 2017 and were driven by appreciation of the U.S. dollar during the course of 2018 (depreciation during the course of 2017) and hedging costs (mostly related to the U.S. dollar vs Euro hedging).

Interest expense was $22 million and preferred dividends were $23 million in half year 2018 and were comparable to the same period of 2017.

Income tax benefit was $6 million on pre-tax earnings of $22 million in the half year 2018 compared to $23 million tax expense on pre-tax earnings of $276 million in the same period of 2017.

Net income available to common shareholder for the first half of 2018 was $5 million, which includes net unrealized investment losses on fixed income securities of $312 million, compared to a net income available to common shareholders of $229 million for the half year 2017, which included net unrealized investment gains on fixed income securities of $137 million. The unrealized investment losses on fixed income securities in 2018 were driven by an increase in risk-free rates and credit spreads and the unrealized investment gains on fixed income securities in 2017 were driven by a narrowing of credit spreads. The majority of PartnerRe's investments, including all standard fixed income investments such as government bonds and investment grade corporate debt, are accounted at fair value to profit (loss).

Some details related to the balance sheet are as follows:

$ million	6/30/2018	12/31/2017	Change
Debt	1,421	1,448	(27)
Preferred shares, aggregate liquidation value	704	704	0
Common shareholders' equity	5,956	6,041	(85)
Total Capital	8,081	**8,193**	(112)

Total investments, funds held - directly managed and cash and cash equivalents were $16.6 billion at 30 June 2018, down 2.2% compared to 31 December 2017.

Total capital of $8.1 billion at 30 June 2018 decreased by 1.4% compared to 31 December 2017, primarily due to dividends on common and preferred shares and the impact of foreign currency translation adjustment for the first half of 2018.

Debt decreased by $27 million, or 2%, primarily due to the impact of foreign exchange on the Company's Euro debt.

At 30 June 2018, common shareholder's equity (or book value) of $6.0 billion and tangible book value of $5.4 billion, were down 1.4% and 1.5%, respectively, compared to 31 December 2017 primarily due to dividends on common shares and the foreign currency translation adjustment. Book value at 30 June 2018, excluding dividends on common shares, was down 0.6% compared to 31 December 2017. During the first Half of 2018, PartnerRe paid dividends of $48 million to EXOR.

Cash and cash equivalents and fixed maturities, which are government issued or investment grade fixed income securities, were $13.6 billion at 30 June 2018, representing 84% of the cash and cash equivalents and total investments.

The average credit rating and expected average duration of the fixed income portfolio at 30 June 2018 was A and 4.9 years, respectively, while the average duration of the Company's liabilities was 4.8 years.

Reconciliation of reported US GAAP financial information to IFRS financial information used for line-by-line consolidation purposes:

The difference between the US GAAP net income ($5 million) and the IFRS net income ($7 million) only reflects the economic effects of the application of the acquisition method by EXOR to account for the acquisition.

Significant events in the first-half of 2018 and subsequent events

Effective 1 September 2018, Brian Dowd succeeds John Elkann as Chairman of the Company's Board of Directors. Mr. Elkann, who is Chairman and CEO of EXOR, remain on the Board.
Nikhil Srinivasan stepped down from the Board in order to assume the role of Chief Investment Officer, subject to customary governmental approvals.
Finally, Mary Ann Brown joins the Board as an independent director.

Outlook

Excluding the impacts of any significant catastrophe and other large losses and/or increases in interest rates or credit spreads, PartnerRe expects to continue to generate positive underwriting and investing returns. PartnerRe, and its peers within the reinsurance industry, do not provide earnings guidance given its reinsurance results are largely exposed to low frequency and high severity risk events. Some of these risk events are seasonal, such that results for certain periods may include unusually low loss experience, while results for other periods may include modest or significant catastrophe losses. In addition, PartnerRe's investment results are exposed to changes in interest rates, credit spreads, and capital markets in general, which result from fluctuations in general economic and financial market conditions. As a result, PartnerRe's profitability in any one period or year is not necessarily predictive or indicative of future profitability or performance.
The data presented and commented above are derived from PartnerRe's consolidated financial information for the first half ended 30 June 2018 prepared in accordance with US GAAP.

(22.91% stake and 32.75% of voting rights on issued capital)

Key consolidated data of Ferrari reported in the first half of 2018 are as follows:

	I Half		
€ million	**2018**	2017	Change
Shipments (in units)	**4,591**	4,335	256
Net revenues	**1,737**	1,741	(4)
EBIT	**428**	379	49
Adjusted EBIT (1)	**427**	379	48
Net profit	**309**	260	49
Net Industrial debt (1)	**(472)**	(473)	1

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as EBIT less income and costs which are significant in nature but expected to occur infrequently.

Shipments

Shipments totaled 4,591 units in the first half of 2018 with an increase of 256 units (+6%) compared to the corresponding period of 2017. This achievement was driven by an increase in sales of the 12-cylinder models (V12). The V12 strong performance was mainly led by the 812 Superfast. This was partially offset by the phase-out of the F12berlinetta that completed its lifecycle in 2017, as well as lower sales of LaFerrari Aperta that is finishing its limited series run.

	I Half		Change	
units	**2018**	2017	number	%
EMEA	**2,176**	2,035	141	7
Americas	**1,419**	1,342	77	6
China, Hong Kong and Taiwan, on a combined basis	**360**	301	59	20
Rest of APAC	**636**	657	(21)	-3
Shipments	**4,591**	4,335	256	6

Net revenues

Net revenues in the first half 2018 were €1,737 million, a decrease of €4 million (-0.3%; +3.7% on a constant currency basis), from €1,741 million for the six months ended 30 June 2017.

Revenues in Cars and spare parts were €1.282 million, an increase of €32 million (+2.5%) versus prior year, supported by higher volumes led by the 812 Superfast, the 488 and the GTC4Lusso families, as well as the first deliveries of the newly launched Ferrari Portofino, partially offset by the phase-out of the California T.
Mix was positive thanks to V12 models, pricing increases and the first deliveries of the strictly limited edition Ferrari J50.
Engines revenues posted a decrease of €47 million mainly due to lower engine volumes to Maserati.
Sponsorship, commercial and brand revenues (€252 million) were up €6 million (2.2%) thanks to an increase primarily attributable to sponsorship and a higher 2017 championship ranking compared to 2016, partially offset by lower brand revenues and negative foreign currency exchange impact.

€ million	I Half 2018	2017	Change amount
Car and spare parts	**1,282**	1,250	32
Engines	**157**	204	(47)
Sponsorship, commercial and brand	**252**	246	6
Other	**46**	41	5
Net revenues	**1,737**	1,741	(4)

EBIT
EBIT for the first half of 2018 was €428 million, an increase of €49 million, (+13%) from €379 million for the corresponding period of the 2017; the increase was primarily attributable to a positive volume impact (€36 million), a favorable product mix of €23 million, a decrease in selling, general and administrative costs of €11 million and a positive contribution from other supporting activities of €53 million, partially offset by negative foreign currency exchange impact of €70 million, and an increase in research and developments costs of €4 million.
The positive volume impact of €36 million was attributable to an increase in total shipments, driven by the 812 Superfast, the 488 and GTC4Lusso families and the first deliveries of the newly launched Ferrari Portofino, partially offset by the phase-outs of the California T and the F12berlinetta, as well as the F12tdf, which finished its limited series run in 2017. The positive product mix of €23 million was primarily attributable to the performance of V12 models and pricing increases as well as the first deliveries of the strictly limited edition Ferrari J50, partially offset by lower sales of the LaFerrari Aperta which is finishing its limited series run.

Net industrial debt
Net industrial debt at 30 June 2018, after €30 million of share buybacks and a €136 million dividend distribution, reached €472 million, substantially in line with €473 million at 31 December 2017.

€ million	30/06/2018	31/12/2017	Change
Net industrial debt [1]	**(472)**	(473)	1
Funded portion of the self-liquidating financial receivables portfolio	**731**	685	46
Net debt [1]	**(1,203)**	(1,158)	(45)
Cash and cash equivalents	**650**	648	2
Gross debt	**(1,853)**	(1,806)	(47)

(1) Net industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

2018 Significant events in the first half of 2018 and subsequent events
The Management of Ferrari will outline the plans and initiatives in place to achieve the 2022 Mid-Term targets previously announced by the Company at its Capital Markets Day in Maranello on 17 and 18 September 2018.

The latest iteration of Ferrari's turbo-charged V8 that equips, in various forms, all Ferrari's V8-engined cars, has been nominated the best engine in the world for the third year running in the 2018 International Engine of the Year Awards. Additionally Ferrari's turbo-charged V8 was voted the best engine of the last 20 years.

For the fourth year running, Ferrari has taken the "Red Dot: Best of the Best" award for the ground-breaking design of the newly launched Ferrari Portofino. The jury of international designers also assigned two Red Dot awards for outstanding design quality to Ferrari for the 812 Superfast and the FXX K EVO.

On 25 July 2018 the Board of Directors of Ferrari N.V., following the death of the Chairman and Chief Executive Officer Sergio Marchionne, named John Elkann as non-executive Chairman and resolved to propose to the shareholders to appoint Louis C. Camilleri as Executive Director and Chief Executive Officer of the Company, at a shareholders' meeting called for 7 September 2018. Pending approval of the resolution at the shareholders' meeting the Board of Directors has provided Louis C. Camilleri with full powers to ensure continuity of Ferrari's operations.

2018 Outlook confirmed

Ferrari Group is expecting the following performance in 2018:

- Shipments: more than 9,000 including supercars;
- Net revenues: more than €3.4 billion;
- Adjusted EBITDA: more than/equal €1.1 billion;
- Net industrial debt: less than €400 million, including a dividend distribution to the holders of common shares and excluding potential share repurchases;
- Capital Expenditures: approximately €550 million.

(26.89% stake, 41.68% of voting rights on issued capital)

Key consolidated data of CNH Industrial for the first half of 2018 are as follows:

$ million	I Half 2018	2017 (1)	Change
Revenues	**14,783**	12,749	2,034
Adjusted EBIT (2)	**1,072**	719	353
Net income (loss) (3)	**969**	243	726
Net Industrial Debt (4)	**(1,356)**	(1,023)	(333)

(1) 2017 data have been recast following the retrospective adoption, on 1 January 2018, of the updated accounting standard for revenue recognition (IFRS 15).
(2) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as profit/(loss) before taxes, financial income (expense) of financial activities, restructuring costs, and certain non- recurring items.
(3) Includes a positive impact (€527 million) from the modification of a healthcare plan following the favorable judgment issued by the United States Supreme Court.
(4) Net Industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

Revenues

Revenues for the first half of 2018 were $14,783 million, an increase of 16% (up 10.7% on a constant currency basis) compared to the first half of 2017. Net revenues of Industrial Activities were $13,880 million in the first half of 2018, an increase of 17.5% (up 11.8% on a constant currency basis) compared to the first half of 2017.

Net revenues of Agricultural Equipment were $5,891 million, an increase of 17.7% (up 15.0% on a constant currency basis) compared to the first half of 2017, primarily due to higher sales, volumes and positive net price realization. In the first half of 2018, worldwide industry unit sales increased 8% compared to the first half of 2017. In NAFTA, industry volumes in the over 140 hp tractor market sector were up 5% and combines were up 14%. Industry volumes for under 140 hp tractors in NAFTA were up 6%. EMEA markets were down 3% for tractors and up 8% for combines. In LATAM, the tractor markets decreased 7% and the combine markets increased 1%. APAC markets increased 12% and 1% for tractors and combines, respectively.

Net revenues of Construction Equipment were $1,481 million for the first half of 2018, an increase of 28.6% from the first half of 2017 (up 26.3% on a constant currency basis), as a result of a favorable end user industry demand environment. During the period, Construction Equipment's worldwide heavy equipment and worldwide light equipment industry sales were up 32% and 18%, respectively, compared to the first half of 2017.

Commercial Vehicles' net revenues were $5,384 million, an increase of 14% (up 5.4% on a constant currency basis), primarily as a result of favorable product mix and positive price realization.

Powertrain net revenues were $2,405 million for the first half of 2018, a 12.5% increase over the first half of 2017, (up 3.2% on a constant currency basis), as a result of higher sales volume. Sales to external customers accounted for 49% of total net revenues (46% in the first half of 2017).

Financial Services reported net revenues of $1,000 million for the first half of 2018, a decline of 1.4% compared to the first half of 2017 (down 2.1% on a constant currency basis), primarily due to a lower average portfolio balance in NAFTA.

	I Half		Change	
$ million	2018	2017 (1)	amount	%
Agricultural Equipment	**5,891**	5,006	885	17.7
Construction Equipment	**1,481**	1,152	329	28.6
Commercial Vehicles	**5,384**	4,723	661	14.0
Powertrain	**2,405**	2,138	267	12.5
Elimination and other	**(1,281)**	(1,203)	(78)	6.5
Total Industrial Activities	**13,880**	11,816	2,064	17.5
Financial Services	**1,000**	1,014	(14)	-1.4
Eliminations and other	**(97)**	(81)	(16)	19.8
Revenues	14,783	12,749	2,034	16.0

(1) 2017 data have been recast following the retrospective adoption, on 1 January 2018, of the updated accounting standard for revenue recognition (IFRS 15).

Adjusted EBIT

Adjusted EBIT of Industrial Activities was $785 million in the first half of 2018, a $321 million increase over the first half of 2017, with an adjusted EBIT margin of 5.7%, up 1.8 p.p. compared to the first half of 2017.

Adjusted EBIT of Agricultural Equipment was $555 million for the first half of 2018 ($346 million for the first half of 2017). Adjusted EBIT margin increased 2.5 p.p. to 9.4% compared to the six months ended 30 June 2017. The increase was due to favorable volume, better mix and positive net price realization. CNH Industrial continues to invest in its product development program for precision farming and compliance with Stage V emissions requirements.

Adjusted EBIT of Construction Equipment was $20 million for the first half of 2018 (negative adjusted EBIT of $43 million for the first half of 2017). Adjusted EBIT margin increased 5.1 p.p. to 1.4% compared to the six months ended 30 June 2017. Results were favorably impacted by higher sales volume, favorable product mix and positive net price realization, more than offsetting raw material cost increases.

Adjusted EBIT of Commercial Vehicles was $143 million for the first half of 2018 ($73 million in the six months ended 30 June 2017). Adjusted EBIT margin increased 1.2 p.p. to 2.7% compared to the six months ended 30 June 2017. The increase was mainly due to favorable product mix and net positive price realization.

Adjusted EBIT of Powertrain was $198 million for the first half of 2018 ($163 million in the six months ended 30 June 2017). Adjusted EBIT margin increased 0.6 p.p. to 8.2% compared to the six months ended 30 June 2017, as a result of higher volumes and manufacturing efficiencies, partially offset by negative net price realization and product development spending.

	I Half		Change	
$ million	**2018**	2017 (1)	amount	%
Agricultural Equipment	**555**	346	209	60.4
Construction Equipment	**20**	(43)	63	-146.5
Commercial Vehicles	**143**	73	70	95.9
Powertrain	**198**	163	35	21.5
Elimination and other	**(131)**	(75)	(56)	74.7
Total Industrial Activities	**785**	464	321	69.2
Financial Services	**287**	255	32	12.5
Eliminations and other	**-**	-	-	-
Adjusted EBIT	**1,072**	719	353	49.1

(1) 2017 data have been recast following the retrospective adoption, 1 January 2018, of the updated accounting standard for revenue recognition (IFRS 15).

Net industrial debt

Net industrial debt at 30 June 2018 was $1,356 million compared to $1,023 million at 31 December 2017. The decrease in net debt reflects the positive impact of exchange rate differences. The cash generation from operating activities is more than offset by the distribution of dividends to shareholders for $235 million and by the purchase of CNH Industrial N.V. shares for $134 million under the share buy-back program.

$ million		30/06/208	31/12/2017	Change
Third party debt [(1)]		**(24,427)**	(26,014)	1,587
Derivative hedging debt				0
Cash and cash equivalents		**5,217**	6,200	(983)
Other/financial asset/(liabilities) [(2)]		**(13)**	(21)	8
(Net debt)/Cash [(3)]		**(19,223)**	(19,835)	612
	Industrial Activities	**(1,356)**	(1,023)	(333)
	Financial Services	**(17,867)**	(18,812)	945

(1) As a result of the role played by the central treasury, debt for industrial Activities also includes funding raised by the central treasury on behalf Financial Services.
(2) Including fair value of derivative financial instruments.
(3) The net intersegment receivable/payable balance owed by Financial Services to Industrial Activities was $92 million and $642 million as of 30 June 2018 and 31 December 2017, respectively.

Significant events in the first half of 2018 and Subsequent events

On 20 February 2018, CNH Industrial announced that the United States Supreme Court ruled in its favor in Reese vs. CNH Industrial N.V. and CNH Industrial America LLC. The decision allows CNH Industrial to terminate or modify various retiree healthcare benefits ("Benefits") previously provided to certain UAW Union represented Company retirees. On 16 April 2018, CNH Industrial announced it determined to modify the Benefits provided to the applicable retirees to make them consistent with the Benefits provided to current eligible CNH Industrial retirees who had been represented by the UAW. The Benefits modification was finalized in the second quarter of 2018 and resulted in a reduction of the plan liability by $527 million, realizing a corresponding pre-tax gain which was recorded in the second quarter in its entirety.

On 27 April 2018, CNH Industrial launched a buy-back program (the "Program") involving the repurchase from time to time of up to $700 million in the Company's common shares. The Program has a duration up to and including 12 October 2019 and will be conducted in the framework of the buy-back authorization granted by the shareholders' meeting held on 13 April 2018.

On 27 April 2018, Moody's Investors Service ("Moody's") affirmed the Ba1 corporate family rating of CNH Industrial N.V. and the Ba1 senior unsecured rating of CNH Industrial Capital LLC, raising the outlook to positive from stable for both companies. At the same time, Moody's upgraded the ratings of the senior unsecured debt of CNH Industrial N.V. and CNH Industrial Finance Europe S.A. to Ba1 from Ba2.
Effective 27 April 2018, the Board of Directors has appointed Mr. Derek Neilson as Interim Chief Executive Officer of CNH Industrial following Mr. Tobin's departure, as already announced by the Company on 19 March 2018. The Board of Directors will continue the process that is already under way to select a permanent Chief Executive Officer through its published governance process.

On 21 July 2018, the Board of Directors appointed Ms. Suzanne Heywood as Chairman with immediate effect.

On 25 July 2018, the Board of Directors learned with deep sadness that Mr. Sergio Marchionne had passed away.

On 8 August 2018 S&P Global Ratings raised the long- term issuer credit ratings of CNH Industrial N.V. and its subsidiary, CNH Industrial Capital LLC, to "BBB" from "BBB-". The short-term rating of CNH Industrial Capital LLC's commercial paper program was raised to "A-2" from "A-3". The outlook of both companies is stable.
Additionally, S&P Global Ratings raised the issue-level ratings on CNH Industrial N.V. and its industrial subsidiaries' debt, as well as the issue-level ratings on CNH Industrial Capital LLC's senior unsecured debt, to "BBB" from "BBB-".

On 9 August 2018 CNH Industrial announced the appointment of Hubertus M. Mühlhäuser as Chief Executive Officer, effective 17 September 2018. To be based at the Company's Burr Ridge, Chicago, USA offices, he brings extensive leadership experience at multinational industrial companies a deep knowledge of the agriculture and construction sectors as well as strategic expertise. The Company anticipates convening an extraordinary shareholders' meeting seeking shareholder approval for the appointment of Mr. Mühlhäuser to the Company's Board of Directors.

2018 Outlook (US GAAP)[1]

CNH Industrial manages its operations, assesses its performance and makes decisions about resource allocation based on financial results prepared only in accordance with U.S. GAAP, and, accordingly, also the full year guidance presented below is prepared under U.S. GAAP.

As a result of the sustained profitability improvement in the second quarter of 2018, CNH Industrial is updating its guidance for the full year 2018 as follows:

- Net sales of Industrial Activities unchanged at approximately $28 billion;
- Adjusted diluted EPS increased to between $0.67 and $0.71 per share;
- Net industrial debt at the end of 2018 improved to between $0.7 billion and $0.9 billion.

(1) 2018 guidance does not include any impacts under U.S. GAAP deriving from the gain resulting from the modification of a healthcare plan in the U.S. anticipated on 16 April 2018, as this gain has been considered non-recurring and therefore treated as an adjusting item for the purpose of the adjusted diluted EPS calculation. In addition, 2018 guidance does not include any impact deriving from possible further repurchases of Company's shares under the plan authorized by the AGM on 13 April 2018.

(63.77% of share capital)

The following information refers to the accounting data for the period 1 January – 30 June 2018 drawn up by Juventus F.C. for the purposes of the preparation of the half-year condensed consolidated financial statements of EXOR Group at 30 June 2018.

	Half ended		
€ million	30/06/2018	30/06/2017	Change
Revenues	**213.6**	249.4	(35.8)
Operating costs	**(204.5)**	(220.6)	16.1
Operating income (loss)	**(52.1)**	(18.3)	(33.8)
Loss for the period	**(62.2)**	(26.6)	(35.6)

€ million	30/06/2018	31/12/2017	Change
Shareholders' equity	**74.5**	137.1	(62.6)
Net financial debt	**309.8**	279.7	30.1

For a correct interpretation of the data it should be noted that the financial year of Juventus does not coincide with the calendar year but covers the period 1 July – 30 June, which corresponds to the football season. The accounting data under examination thus represents the second half of operations for the financial year 2017/2018.
Interim data prepared only for EXOR consolidated reporting purpose and cannot be construed as representing the basis for a Juventus full-year projection.
Profit performance is characterized by the highly seasonal nature typical of the sector, determined mainly by the calendar of football events and the two phases of the players' Transfer Campaign.
The financial position and cash flows of the company are also affected by the seasonal nature of the income components; in addition, some revenue items are collected in a period different from the period to which they refer.

In preparing the accounting data, Juventus Football Club included, whenever significant, the valuations of the negative effects deriving from transactions relating to the 2017/2018 Transfer Campaign-first phase, carried out or in the process of being carried up to the date of 31 July 2018.
However, it cannot be excluded that as this campaign continues, additional transactions will be entered into and their effects, if negative and significant, may require Juventus Football Club to record further impairment and/or accruals, in accordance with generally accepted accounting principles, for the purposes of the preparation of the annual financial statements at 30 June 2018.

The result for the period (1 January – 30 June 2018) is a loss of €62.2 million with an increase of € 35.6 million compared with the loss of the same period of 2017, amounting to €26.6 million). This trend is mainly the result of a decrease in revenues of €35.7 million, an increase of amortization (€13.6 million), partially offset by a reduction in operating costs and taxes for €16.1 million and €1.1 million, respectively, in addition to other net negative changes of €3.5 million.

Significant events in the first half of 2018 and subsequent events

The acquisitions completed in the second phase of the 2017/2018 Transfer Campaign and the exercise of option rights for the purchase of some players in June 2018 led to a total increase in net invested capital of €47.1 million.

On 7 May 2018 the FIGC First Level Commission for UEFA licenses examined the documentation filed and checked its conformity with the criteria and parameters established by regulations and issued the UEFA license to Juventus for the 2018/2019 football season.

2018 Outlook

In the second half of the year the first phase of the 2018/2019 Transfer Campaign will be concluded and the season will open with, in particular, the Group Stage of the UEFA Champions League; the outcome of this stage could significantly influence the economic performance of Juventus for the financial year 2018/2019 which at present is expected to close with a loss.

RISK FACTORS FROM SUBSIDIARIES

The risks and uncertainties identified for the six months ended 30 June 2018 by the subsidiaries are in line with the main risks and uncertainties to which the same are exposed which were identified and discussed in the 2017 Annual Report in the Risk factors section, under each subsidiary's own section except as noted below.

Regarding the risk factor of FCA "The Group's businesses are affected by global financial markets and general economic and other conditions over which we have little or no control", FCA added the following:
There has been a recent and significant increase in activity and speculation regarding tariffs and duties between the U.S. and its trading partners. Tariffs or duties implemented between the U.S. and its trading partners could have a material adverse effect on our business, financial condition and results of operations. Tariffs or duties that directly impact our products could reduce consumer demand and/or make our products less profitable. In addition, a continued escalation in tariff or duty activity between the U.S. and its major trading partners could negatively impact global economic activity, which could in turn reduce demand for our products.

SUBSEQUENT EVENTS AND 2018 OUTLOOK

Subsequent events

On 25 July 2018 EXOR learned with deepest sadness the passing of EXOR Vice Chairman Sergio Marchionne.
EXOR feels a strong sense of gratitude for his generous contribution to its success.

2018 Outlook

EXOR N.V. does not prepare budgets or business plans nor does it publish forecast data or data on the basis of which it is possible to calculate forecast data.
Certain EXOR operating subsidiaries (FCA, Ferrari and CNH Industrial) publish forecast data on their performance. Other operating subsidiaries (PartnerRe and Juventus Football Club) publish information on the foreseeable outlook. Additional information is provided under "Review of Performance of the operating subsidiaries" in the Interim Report on Operations.

The forecast data and information of the aforementioned operating companies are drawn up autonomously and communicated by the respective companies and are not homogeneous. Quantitative forecast disclosures prepared by these operating companies and the type of information provided, as well as the underlying assumptions and calculation methods vary according to the accounting principles applicable to each subsidiary and associate and the conventional application practices in the respective sector of reference. EXOR N.V. in fact, is a holding company without a specific business of reference, head of a diversified and non-integrated group that operates in different segments and does not exercise direction and coordination activities over its subsidiaries and associates, which operate in a completely independent manner.

Half-year Condensed Consolidated Financial Statements at 30 June 2018

CONSOLIDATED INCOME STATEMENT (unaudited)

		First half year ended 30 June	
€ million	Note	2018	2017
Net revenues	1	**71,726**	71,373
Cost of revenues		**(60,435)**	(59,236)
Selling, general and administrative costs		**(4,860)**	(5,353)
Research and development costs		**(2,497)**	(2,492)
Other income (expenses)		**522**	1,022
Result from investments:			
- Share of the profit (loss) of equity method investees		**223**	253
- Other income (expenses) from investments		**(1)**	8
Result from investments		**222**	261
Gains (losses) on disposal of investments		**(1)**	49
Restructuring costs		**(12)**	(100)
Financial income (expenses)	2	**(849)**	(1,111)
Profit before taxes		**3,816**	**4,413**
Tax expense	3	**(996)**	(1,839)
Profit from continuing operations		**2,820**	**2,574**
Profit from discontinued operations, net of tax		**0**	**0**
Profit for the period		**2,820**	**2,574**
Profit attributable to non-controlling interests		**2,079**	1,658
Profit attributable to owners of the parent		**741**	**916**

Earnings per share	4		
Basic earnings per share from continuing operations (€)		**3.151**	3.907
Diluted earnings per share from continuing operations (€)		**3.118**	3.881

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (unaudited)

		First half year ended 30 June	
€ million	Note	2018	2017
Profit for the period (A)	11	**2,820**	**2,574**
Items that will not be reclassified to the consolidated income statement in subsequent periods:			
Gains (losses) on re-measurement of defined benefit plans		**41**	(4)
Share of gains (losses) on re-measurement of defined benefit plans for equity method investees		**0**	0
Gains (losses) on financial assets measured at FVTOCI		**(12)**	**0**
Related tax effect		**(9)**	**1**
Total items that will not be reclassified to the consolidated income statement in subsequent periods (B1)		**20**	**(3)**
Items that may be reclassified to the consolidated income statement in subsequent periods			
Gains (losses) on cash flow hedging instruments		**36**	243
Gains (losses) on available-for-sale financial assets		**0**	6
Foreign exchange losses		**(234)**	(2,343)
Share of other comprehensive income (loss) for equity method investees		**(95)**	(35)
Related tax effect		**(16)**	(24)
Total items that may be reclassified to the consolidated income statement in subsequent periods (B2)		(309)	**(444)**
Total Other comprehensive income (loss), net of tax (B) = (B1) + (B2)		(289)	**(2,083)**
Total Comprehensive income (loss) (A)+(B)		2,531	**488**
Total Comprehensive income (loss) attributable to:			
Owners of the parent		773	**1**
Non-controlling interests		1,758	**487**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

€ million	Note	At 30 June 2018	At 31 December 2017
Assets			
Intangible assets	5	**33,291**	32,523
Property, plant and equipment		**34,361**	35,591
Leased assets		**1,496**	1,539
Investments accounted for using the equity method		**3,425**	3,391
Other investments and other financial assets		**1,686**	1,198
Deferred tax assets		**2,992**	2,928
Inventories	6	**23,070**	20,438
Trade receivables		**3,164**	3,015
Investments of reinsurance companies	7	**13,738**	12,971
Receivables from financing activities	8	**20,745**	20,434
Receivables from reinsurance activities		**3,354**	2,963
Other assets		**7,172**	6,717
Assets held for sale		**9**	39
Cash and cash equivalents	10	**19,273**	20,028
Total Assets		167,776	**163,775**
Equity	11		
Equity attributable to owners of the parent		**11,415**	10,805
Non-controlling interests		**21,916**	20,381
Total Equity		33,331	**31,186**
Liabilities			
Provisions for employee benefits	13	**11,200**	11,653
Other provisions	14	**17,939**	18,132
Technical reserves reinsurance companies	15	**12,183**	11,690
Deferred tax liabilities		**876**	596
Financial debt	16	**44,501**	46,441
Other financial liabilities		**344**	255
Trade payables		**29,574**	27,612
Tax payables		**597**	532
Other liabilities	17	**17,231**	15,678
Liabilities held for sale		**0**	0
Total Liabilities		134,445	**132,589**
Total Equity and Liabilities		167,776	**163,775**

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

	First half year ended 30 June	
€ million	2018	2017
Cash and cash equivalents at beginning of the period	**20,028**	**25,161**
Cash and cash equivalents of the Assets held for sale and discontinued operation	**0**	1
Cash and cash equivalents at beginning of the period including Assets held for sale and discontinued operation	**20,028**	**25,162**
Cash flows from (used in) operating activities		
Profit for the period	**2,820**	2,574
Amortization and depreciation	**3,750**	3,919
(Gains) losses on disposal of non-current assets	**2**	(254)
Other non-cash items	**183**	5
Dividends received	**110**	88
Change in provisions	**(368)**	(368)
Change in deferred taxes	**85**	441
Change in items relating to buy-back commitments	**344**	118
Change in operating lease items	**73**	17
Change in working capital	**(911)**	(1,259)
Total	**6,088**	**5,281**
Cash flows from (used in) investing activities		
Investments in property, plant and equipment and intangible assets	**(3,292)**	(4,989)
Acquisitions of investments made by consolidated operating subsidiaries	**(2)**	(126)
Investments in financial assets made by EXOR and by subsidiaries in the Holdings System	**(10)**	0
Net change in Investments of Reinsurance companies (PartnerRe Group)	**(716)**	(258)
Proceeds from disposal of non-current and financial assets	**52**	443
Net change in financial receivables	**(619)**	(121)
Net change in securities	**(235)**	209
Other changes	**10**	(17)
Total	**(4,812)**	**(4,859)**
Cash flows from (used in) financing activities		
Issuance of notes	**687**	1,054
Repayment of notes	**(2,598)**	(3,534)
Net change in other long-term debt	**(166)**	(1,785)
Net change in short-term debt and other financial assets/liabilities	**495**	(1,320)
Capital increases by subsidiaries	**11**	10
Dividends paid by EXOR	**(82)**	(82)
Dividends paid by subsidiaries	**(244)**	(199)
Other changes	**(139)**	(43)
Total	**(2,036)**	**(5,899)**
Translation exchange differences	**5**	(1,176)
Total change in cash and cash equivalents	**(755)**	**(6,653)**
Cash and cash equivalents at end of the period	**19,273**	**18,509**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

€ million	Share capital	Treasury stock	Other reserves	Cash flow hedge reserve	Currency translation differences	Available for sale financial assets	Re-measurement of defined benefit plans	Cumulative share of OCI of equity method investees	Total Owners of the parent	Non-controlling interests	Total
At 31 December 2016	**2**	**0**	**10,044**	**9**	**1,419**	**81**	**(330)**	**(243)**	**10,982**	**19,238**	**30,220**
Share-based compensation			24						24	54	78
Capital increase by subsidiaries									0	7	7
Dividends paid			(82)						(82)	(204)	(286)
Total comprehensive income			916	62	(1,025)	6	(2)	44	1	487	488
Reimbursement of the investment in The Black Ant Value Fund						(109)			(109)		(109)
Effect of the change in the percentage ownership of companies consolidated line-by-line (a)			(50)		(8)				(58)	89	31
Other changes			56						56	(18)	38
Total changes	0	0	864	62	(1,033)	(103)	(2)	44	(168)	415	247
At 30 June 2017	**2**	**0**	**10,908**	**71**	**386**	**(22)**	**(332)**	**(199)**	**10,814**	**19,653**	**30,467**

(a) Of which -€31 million related to CNH Industrial Group and - €19 million to the FCA Group.

€ million	Share capital	Treasury stock	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial assets measured at FVOCI	Re-measurement of defined benefit plans	Cumulative share of OCI of equity method investees	Total Owners of the parent	Non-controlling interests	Total
At 31 December 2017	**2**	**0**	**11,417**	**71**	**(185)**	**71**	**(354)**	**(217)**	**10,805**	**20,381**	**31,186**
Impact from the adoption of IFRS 15 and IFRS 9			64			(97)			(33)	(91)	(124)
At 1 January 2018	**2**	**0**	**11,481**	**71**	**(185)**	**(26)**	**(354)**	**(217)**	**10,772**	**20,290**	**31,062**
Share-based compensation			27						27	62	89
Exercise of stock options			4						4		4
Capital increase by subsidiaries										10	10
Dividends paid			(82)						(82)	(249)	(332)
Total comprehensive income			741	6	63	(12)	9	(34)	772	1,758	2,530
Effect of the change in the percentage ownership of companies consolidated line-by-line (b)			(29)		1		(2)	(2)	(32)	32	0
Other changes			(47)						(47)	13	(34)
Total changes	0	0	614	6	64	(12)	7	(36)	643	1,626	2,269
At 30 June 2018	**2**	**0**	**12,095**	**77**	**(121)**	**(38)**	**(347)**	**(253)**	**11,415**	**21,916**	**33,331**

(b) Of which +€11 million related to CNH Industrial Group and - €40 million to the FCA Group.

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE ACTIVITIES OF THE GROUP

EXOR N.V. (EXOR), the "Company" and together with its subsidiaries the "EXOR Group" or the "Group", was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on 30 September 2015 and in 2016 was designated to act as a holding company for EXOR Group following the cross-border merger with EXOR S.p.A.

EXOR is one of Europe's leading diversified holding companies and is controlled by Giovanni Agnelli B.V. which holds 52.99% of its share capital.
EXOR and its subsidiaries (the "Group") operate in the reinsurance sector, automotive industry, agricultural equipment and construction equipment, commercial vehicles and professional football.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Authorization of Consolidated Financial Statements and Compliance with International Financial Reporting Standards

The accompanying interim condensed consolidated financial statements together with the notes thereto (the "Interim Condensed Consolidated Financial Statements") of EXOR at 30 June 2018 were authorized for issuance on 6 September 2018 and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union (EU-IFRS). The designation "IFRS" also includes International Accounting Standards ("IAS"), as well as all interpretations of the IFRS Interpretations Committee ("IFRIC").
The Interim Condensed Consolidated Financial Statements, which have been prepared in accordance with IAS 34 – Interim Financial Reporting, do not include all of the information and notes required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements as of and for the year ended 31 December 2017 included within the 2017 Annual Report (the "EXOR Consolidated Financial Statements at 31 December 2017"). The accounting policies are consistent with those used at 31 December 2017, except as described in the section – New standards and amendments effective from 1 January 2018 below.

Basis of preparation

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, accumulated other comprehensive income and disclosure of contingent assets and contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Condensed Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The Interim Condensed Consolidated Financial Statements include all adjustments considered necessary by management to fairly state the Group's results of operations, financial position and cash flows. See section "Basis of preparation and Significant accounting policies", paragraph "Use of estimates", in the EXOR Consolidated Financial Statements at 31 December 2017.

The Group's presentation currency is Euro, which is also the functional currency of the Company, and unless otherwise stated information is presented in millions of Euro.

The EXOR Group presents the income statement using a classification based on the function of expenses (otherwise known as the "cost of sales" method), rather than a presentation based on the nature of expenses, as it is more representative of the format used for internal reporting and management purposes by the principal subsidiaries, the FCA, CNH Industrial and Ferrari Groups, and is consistent with international practice in the automotive and capital goods sectors.

The statement of cash flows is presented using the indirect method.

The other subsidiaries have prepared their data for purposes of the EXOR Group's consolidated financial statements consistently with the classification and presentation indicated above.

New standards and amendments effective 1 January 2018

The cumulative effect of the changes made to our Consolidated Statement of Financial Position as of 1 January 2018 for the adoption of IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial Instruments* is as follows:

€ million	At 31 December 2017 (as previously reported)	IFRS 15 Adoption Effect	IFRS 9 Adoption Effect	At 1 January 2018 (as adjusted)
Assets				
Goodwill, brand, trademark and intangible assets with indefinite useful lives	17,241			17,241
Other intangible assets	15,282			15,282
Property, plant and equipment	35,591			35,591
Leased assets	1,539			1,539
Investments accounted for using the equity method	3,391		(16)	3,375
Other investments and other financial assets	1,198		(1)	1,197
Deferred tax assets	2,928	29	1	2,958
Inventories	20,438	(288)		20,150
Trade receivables	3,015		(3)	3,012
Investments of reinsurance companies	12,971			12,971
Receivables from financing activities	20,434	(39)		20,395
Receivables from reinsurance activities	2,963			2,963
Other assets	6,717	30		6,747
Assets held for sale	39			39
Cash and cash equivalents	20,028			20,028
Total Assets	**163,775**	(268)	(19)	**163,488**
Equity				
Equity attributable to owners of the parent	10,805	(28)	(5)	10,772
Non-controlling interests	20,381	(77)	(14)	20,290
Total Equity	**31,186**	(105)	(19)	**31,062**
Liabilities				
Provisions for employee benefits	11,653			11,653
Other provisions	18,132	(326)		17,806
Tecnical reserves insurance companies	11,690			11,690
Deferred tax liabilities	596			596
Financial debt	46,441			46,441
Other financial liabilities	255			255
Trade payables	27,612	(73)		27,539
Tax payables	532			532
Other liabilities	15,678	236		15,914
Total Liabilities	**132,589**	(163)	0	**132,426**
Total Equity and Liabilities	**163,775**	(268)	(19)	**163,488**

IFRS 15 – Revenue from contracts with customers

IFRS 15 – *Revenue from contracts with customers* ("IFRS 15") requires companies to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive for those goods or services.

Entities have the option to apply the new guidance under a retrospective approach to each prior reporting period presented, and the cumulative effect of applying the standard would be recognized at the earliest period shown, or a modified retrospective approach with the cumulative effect of initially applying the new guidance recognized at the date of initial application within the consolidated statement of changes in equity.

The Group adopted IFRS 15 and all the related amendments using the modified retrospective method, with the cumulative effect of initially applying the standard recognized as an adjustment to the Group's opening equity balance on 1 January 2018. The comparative period has not been restated and continues to be reported under the accounting standards in effect for periods prior to 1 January 2018.

The impact of adopting the IFRS 15 on equity at 1 January 2018 is a net reduction of €105 million and is primarily related to FCA and CNH Industrial.

The majority of the revenues continue to be recognized in a manner consistent with prior years, nevertheless certain services (mainly maintenance and repair contracts, as well as extended warranty contracts and certain other incentives provided to customers) require different timing of recognition of revenues and margin.

Revenue recognition
Revenue is recognized when control of the vehicles, equipment, services or parts has been transferred and the Group's performance obligations to its customers have been satisfied. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. The timing of when the Group transfers the goods or services to the customer may differ from the timing of the customer's payment.
Revenues are recognized net of discounts, allowances, settlement discounts and rebates, as well as costs for sales incentive programs, which are determined on the basis of historical costs, country by country, and charged against profit for the period in which the corresponding sales are recognized.

The Group recognizes a contract liability when it invoices an amount to a customer prior to the transfer of the goods or services provided. When the Group gives its customers the right to return eligible goods, the Group estimates the expected returns based on an analysis of historical experiences. Sales, value added and other taxes that the Group collects on behalf of others concurrently with revenue generating activities are excluded from revenue and are recognized within the Other liabilities and the Tax payables line items in the Consolidated Statement of Financial Position. Incidental items that are immaterial in the context of the contract are recognized as expense.

The Group also enters into contracts with multiple performance obligations. For these contracts, the Group allocates revenue from the transaction price to the distinct goods and services in the contract on a relative standalone selling price basis. To the extent that the Group sells the good or service separately in the same market, the standalone selling price is the observable price at which the Group sells the good or service separately. For all other goods or services, the Group estimates the standalone selling price using a cost-plus-margin approach.

Sales of goods
The Group has determined that the customers from the sale of vehicles, equipment and service parts are generally dealers, distributors and retail or fleet customers. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment for vehicles typically due immediately and payment for service parts typically due in the following month. For component part sales, revenue recognition is consistent with that of service parts. The Group also sells tooling, with control transferring at the point in time when the customer accepts the tooling.

The cost of incentives, if any, is estimated at the inception of a contract at the expected amount that will ultimately be paid and is recognized as a reduction to revenue at the time of the sale. If a vehicle or equipment contract transaction has multiple performance obligations, the cost of incentives is allocated entirely to the vehicle as the intent of the incentives is to encourage sales of vehicles or equipment. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change.

New vehicle sales through the Guarantee Depreciation Program ("GDP") are recognized as revenue when control of the vehicle transfers to the fleet customer, except in situations where the Group issues a put for which there is a significant economic incentive to exercise. Upon recognition of the vehicle revenue, the Group establishes a liability equal to the estimated amount of any residual value guarantee.

With reference to the sales to dealers accompanied by "floor plan" agreements under which the Group offers wholesale financing including "interest-free" financing for a specified period of time (which also varies by geographic market and product line), two separate performance obligations exist. The first performance obligation consists of the sale of the equipment/vehicle from industrial subsidiaries to the dealer. Concurrent with the sale of the equipment/vehicle, industrial subsidiaries offer to the dealer wholesale financing through loans extended by financial subsidiaries. Industrial subsidiaries compensate financial subsidiaries for the cost of the interest-free period. This cost has been determined to represent a cash sale incentive on the initial sale of the good sold, and therefore it should be recognized upfront as a reduction of net sales of industrial subsidiaries.

The second performance obligation consists of a credit facility extended by financial subsidiaries to the dealer. The remuneration of this performance obligation is represented by the compensation received from industrial subsidiaries for the period of the interest-free financing and by the interest charged to the dealer for the remaining period. This remuneration is recognized by financial subsidiaries over the period of the outstanding exposure.

For parts sales, when the Group provides its customers with a right to return a transferred product, revenue and corresponding cost of sales are recognized for parts that are not expected to be returned. The expected returns are estimated based on an analysis of historical experience. The portion of revenue (and corresponding cost of sales) related to the parts that are expected to be returned is recognized at the end of the return period. The amount received or receivable that is expected to be returned is recognized as a refund liability, representing the obligation to return the customer's consideration. Furthermore, at the time of the initial sale, the Group recognizes a return asset for the right to recover the goods returned by the customer. This asset is initially measured at the former carrying amount of the inventory. At each reporting date, both the refund liability and the return asset are re-measured to record for any revisions to the expected level of returns, as well as any decreases in the value of the returned products.

The Group also sells vehicles where, in addition to guaranteeing the residual value, the contract includes a put option whereby the fleet customer can require the Group to repurchase the vehicles. For these types of arrangements, the Group assesses whether a significant economic incentive exists for the customer to exercise its put option. If the Group determines that a significant economic incentive does not exist for the customer to exercise its put option, then revenue is recognized when control of the vehicle transfers to the fleet customer and a liability is recognized equal to the estimated amount of the residual value guarantee. If the Group determines that a significant economic incentive exists, then the arrangement is accounted for similarly to a repurchase obligation, as described in *Lease installments from assets sold with buy-back commitments* below.

Services provided

Revenues from services provided are primarily comprised of maintenance plans, extended warranties and repair services and are recognized over the contract period in proportion to the costs expected to be incurred based on the Group's historical experience. These services are either included in the selling price of the vehicle or separately priced. Revenue for services is allocated based on the estimated stand-alone selling price. Costs associated with the sale of contracts are deferred and are subsequently amortized to expense consistent with how the related revenue is recognized.

Contract revenues

Revenue from construction contracts, which is comprised of industrial automation systems sold by the Group's Components segment, is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on the Group's historical experience. A loss is recognized if the sum of the expected costs for services under the contract exceeds the transaction price.

Lease installments from assets sold with buy-back commitments

Vehicle sales to fleet customers can include a repurchase obligation, whereby the Group is required to repurchase the vehicles at a given point in time. The Group accounts for such sales as an operating lease. Upon the transfer of vehicles to the fleet customer, the Group records a liability equal to the proceeds received within Other liabilities in the Consolidated Statement of Financial Position. The difference between the proceeds received and the guaranteed repurchase amount is recognized as revenue over the contractual term on a straight-line basis. The cost of the vehicle is recorded within assets sold with a buy-back commitment (Inventories) in the Consolidated Statement of Financial Position and the difference between the cost of the vehicle and the estimated residual value is recognized within Cost of revenues in the Consolidated Income Statement over the contractual term.

Interest income of financial services activities

Interest income, which is primarily generated from the Group by providing dealer and retail financing, is recognized using the effective interest method.

IFRS 9 – Financial Instruments

IFRS 9 – *Financial Instruments* ("IFRS 9") replaces IAS 39 – *Financial Instruments.* In particular, it amends the previous guidance in three main areas:

- The classification and measurement of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- The accounting for impairment of financial assets through the introduction of an "expected credit loss" impairment model, replacing the incurred loss method under IAS 39; and
- Hedge accounting, in particular removing some of the restrictions in applying hedge accounting under IAS 39 and to more closely align the accounting for hedge instruments with risk management policies.

As a result of the adoption of IFRS 9, the Group has classified and measured its financial assets at amortized cost ("AC"), fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL"), depending on its business model for managing such financial assets and the asset's contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity ("HTM"), loans and receivables ("L&R") and available for sale ("AFS").

The classification used previously under IAS 39 has been discontinued from 1 January 2018 and the Group has not restated prior periods. For hedge accounting, the Group applied the standard prospectively. Comparative figures have not been restated for the classification and measurement provisions of the standard, including impairment, and continue to be reported under the accounting standards in effect for periods prior to 1 January 2018.

The impact of adopting the IFRS 9 on equity at 1 January 2018 is a net reduction of €19 million and is primarily related to FCA and CNH Industrial.

Financial assets and liabilities

Financial assets primarily include trade receivables, receivables from financing activities, investments in other companies, derivative financial instruments, cash and cash equivalents, and debt securities that represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities primarily consist of debt, derivative financial instruments, trade payables and other liabilities. The classification of financial liabilities under IFRS 9 is unchanged compared with the previous accounting requirements under IAS 39.

Receivables from dealer financing activities are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the Group's financial services companies. These receivables are interest-bearing with the exception of an initial, limited, non interest-bearing period. The contractual terms governing the relationships with the dealer networks vary according to market and payment terms, which range from two to twelve months.

Classification and measurement (policy applicable from 1 January 2018)

The classification of a financial asset is dependent on the Group's business model for managing such financial assets and their contractual cash flows. The Group considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss ("FVTPL").

Financial asset cash flow business model	Initial measurement(1)	Measurement category(3)
Solely to collect the contractual cash flows (Held to Collect)	Fair Value less transaction costs	Amortized Cost(2)
Collect both the contractual cash flows and generate cash flows arising from the sale of assets (Held to Collect and Sell)	Fair Value less transaction costs	Fair value through other comprehensive income ("FVTOCI")
Generate cash flows primarily from the sale of assets (Held to Sell)	Fair Value	FVTPL

1) A trade receivable without a significant financing component, as defined by IFRS 15, is initially measured at the transaction price.
2) Receivables with maturities of over one year, which bear no interest or have an interest rate significantly lower than market rates are discounted using market rates.
3) On initial recognition, the Group may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVTOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Factors considered by the Group in determining the business model for a group of financial assets include:
- past experience on how the cash flows for these assets were collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales activity expectations;
- how the asset's performance is evaluated and reported to key management personnel;
- how risks are assessed and managed and how management is compensated.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash and cash equivalents include cash at banks, units in money market funds and other money market securities, commercial paper and certificate of deposits that are readily convertible into cash, with original maturities of three months or less at the date of purchase. Cash and cash equivalents are subject to an insignificant risk of changes in value and consist of balances across various primary national and international money market instruments. Money market funds consist of investments in high quality, short-term, diversified financial instruments that can generally be liquidated on demand and are measured at FVTPL. Cash at banks and Other cash equivalents are measured at amortized cost.

Investments in other companies are measured at fair value. Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value, as permitted by IFRS 9. The Group may irrevocably elect to present subsequent changes in the investment's fair value in Other comprehensive income ("OCI") upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Generally, any dividends from these investments are recognized in Other income from investments within Result from investments when the Group's right to receive payment is established. Other net gains and losses are recognized in OCI and will not be reclassified to the Consolidated Income Statement in subsequent periods. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value in OCI.

Impairment of financial assets (policy applicable from 1 January 2018)

On 1 January 2018, the Group changed the impairment model for its financial assets moving from the incurred loss model under IAS 39 to the expected credit loss ("ECL") model under IFRS 9. Until 31 December 2017, the Group estimated the incurred losses arising from the failure or inability of customers to make payments when due.
These estimates were assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and historical experience, and on a collective basis, using loss forecast models that considered a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency.
In accordance with IFRS 9, the simplified approach, which requires expected lifetime losses, was applied to trade receivables. For receivables from financing activities the Group applied the general approach recording the credit losses either on a 12-month or lifetime basis.

Hedge accounting

IFRS 9 aims to simplify hedge accounting and to reflect the effect of an entity's risk management activities in the financial statements, allowing more hedging instruments and hedged items to qualify for hedge accounting. The new hedge accounting rules align the accounting for hedge instruments more closely with the Group's risk management practices. The standard also introduces expanded disclosure requirements and changes in presentation. The Group undertook an assessment of its IAS 39 hedge relationships existing at 31 December 2017 against the requirements of IFRS 9 and concluded that these hedge relationships qualify as continuing hedges upon the adoption of IFRS 9.

Transfers of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows arising from the asset are no longer held or if it transfers substantially all the risks and rewards of ownership of the financial asset. On de-recognition of financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in the Consolidated Income Statement.
The Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. Factoring transactions may be either with recourse or without recourse.

Certain transfers include deferred payment clauses requiring first loss cover (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), whereby the transferor has priority participation in the losses, or requires a significant exposure to the variability of cash flows arising from the transferred receivables to be retained. These types of transactions do not meet the requirements of IFRS 9 for the derecognition of the assets since the risks and rewards connected with ownership of the financial asset are not substantially transferred, and accordingly the Group continues to recognize these receivables within the Consolidated Statement of Financial Position and recognizes a financial liability for the same amount under Asset-backed financing, which is included within Debt. These types of receivables are classified as held-to-collect, since the business model is consistent with the Group's continuing recognition of the receivables.

Other new standards and amendments

The following amendments and interpretations, which were effective from 1 January 2018, were adopted by the Group. The adoption of these amendments had no effect on the Interim Condensed Consolidated Financial Statements.

- IFRS 2 – Share-based Payments, to provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (ii) share-based payment transactions with a net settlement feature for withholding tax obligations and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: (i) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach") and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach").
- Annual Improvements to IFRS Standards 2014–2016 Cycle, which included amendments to IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2018). The amendments clarify, correct or remove redundant wording in the related standard.
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

New standards and amendments not yet effective and not early adopted

Reference should be made to note 2, New standards, amendments and interpretations not yet effective within the EXOR Consolidated Financial Statements at 31 December 2017 for a detailed description of new standards not yet effective at 30 June 2018.

Scope of consolidation

The consolidated financial statements include the companies over which EXOR exercises control, and from which, directly or indirectly, EXOR is able to derive benefit by virtue of its power to govern their corporate financial and operating policies. The companies/groups included in the scope of consolidation at 30 June 2018 are the following:

		At 30/06/2018	
		Percentage of consolidation	
Company/Group	Country	Group's ownership interest	Non-controlling interest's ownership interest
Operating subsidiaries:			
FCA Group	The Netherlands	28.98%	71.02%
CNH Industrial Group	The Netherlands	27.07%	72.93%
Ferrari Group	The Netherlands	23.55%	76.45%
PartnerRe Group	Bermuda	100.00% [(a)]	-
Juventus Football Club S.p.A.	Italy	63.77%	36.23%
Companies in the Holdings System:			
Exor Nederland N.V.	The Netherlands	100%	-
EXOR S.A.	Luxembourg	100%	-
Exor Capital Dac	Ireland	100%	-
Exor Investments Limited	United Kingdom	100%	-
Exor Investments (UK) LLP	United Kingdom	99.67%	0.33%
Ancom USA Inc.	USA	100%	-
Exor SN LLC	USA	100%	

(a) Of common shares.

Segment reporting

The EXOR Group, through its subsidiaries, is present in a diversified range of sectors, particularly Automotive (FCA), Agricultural Equipment, Construction Equipment and Commercial Vehicles (CNH Industrial), Ferrari brand, an icon of luxury, style and speed, reinsurance services (PartnerRe) and professional football (Juventus Football Club). EXOR and the subsidiaries of the Holdings System primarily carry out activities regarding equity investments and financial market investments.
For this reason the EXOR Group has chosen to disclose its information by segment, according to IFRS 8 — Operating Segments, which coincides with the consolidated data of each subsidiary holding company, every one of which represents an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus Football Club and the Holdings System. These companies, in turn, in preparing their financial statements in accordance with IAS/IFRS, present, if applicable, operating segment disclosure which best reflects their respective characteristics.
Details on segment reporting are presented in note 19.

OTHER INFORMATION

Seasonal nature of transactions

The transactions of the PartnerRe Group and Juventus Football Club are affected by the highly seasonal nature of their businesses. In particular:

- The results of PartnerRe are exposed to low frequency and high severity risk events. Some of these risk events are seasonal, such that results for certain periods may include unusually low loss experience, while results for other periods may include modest or significant catastrophe losses. In addition, PartnerRe’s investment results are exposed to changes in interest rates and credit spreads, which result from fluctuations in general economic and financial market conditions. As a result, PartnerRe’s profitability in any one period or year is not necessarily predictive or indicative of future profitability or performance.
- The financial year of Juventus Football Club does not coincide with the calendar year but covers the period 1 July – 30 June, which corresponds to the football season.
  Economic performance is characterized by the highly seasonal nature typical of the sector, determined mainly by the calendar of football events (to which the main revenue items are related and recognized in the income statement) and by the phases of the players’ Transfer Campaign, carried out during the months of July and August (first phase) and January (second phase) which can result in significant economic and financial effects at the beginning and during the course of the season. The main cost items not referable to individual football events (such as players’ wages and amortization relative to registration rights) are instead recorded in the income statement on a straight-line basis.

Exchange rates

The principal exchange rates used to translate other currencies into Euro are as follows:

	For the six months ended 30 June 2018	At 30 June 2018	At 31 December 2017	For the six months ended 30 June 2017	At 30 June 2017
U.S. Dollar	1.210	1.166	1.199	1.083	1.141
Brazilian Real	4.141	4.488	3.973	3.443	3.760
Chinese Renminbi	7.709	7.717	7.804	7.445	7.739
Canadian Dollar	1.546	1.544	1.504	1.445	1.479
Mexican Peso	23.085	22.882	23.661	21.044	20.584
Polish Zloty	4.221	4.373	4.177	4.269	4.226
Argentine Peso	26.094	32.876	22.595	16.997	18.802
Pound Sterling	0.880	0.886	0.888	0.861	0.879
Swiss Franc	1.170	1.157	1.170	1.077	1.093

COMPOSITION AND PRINCIPAL CHANGES

1. Net revenues

Net revenues amount to €71,726 million in the first half of 2018 (€71,373 million in the first-half of 2017). The contribution by segment is presented in note 19.

2. Financial income (expenses)

In addition to the items forming part of the specific lines of the income statement, the following analysis of net financial income (expenses) also comprises the income earned by financial services companies included in net revenues and the costs incurred by financial services companies, presented in interest expenses and other financial expenses of financial services companies, included in cost of revenues.
Details are as follows:

€ million	I Half 2018	I Half 2017	Change
Interest income and other financial income	122	135	(13)
Interest income from customers and other financial income of financial services companies	448	434	14
Gains on disposal of securities	9	114	(105)
Total financial income	579	683	(104)
Less: Interest income from customers and other financial income of financial services companies	(448)	(434)	(14)
Financial income, excluding financial services companies	**131**	**249**	(118)
Interest and other financial expenses	890	1,159	(269)
Writedowns of financial assets	18	57	(39)
Losses on disposal of securities	11	5	6
Net interest expenses on employee benefits provisions	152	180	(28)
Total interest and other financial expenses	1,071	1,401	(330)
Net (income) expenses from derivative financial instruments and exchange rate differences	116	220	(104)
Total financial expenses	1,187	1,621	(434)
Less: interest expenses and other financial expenses of financial services companies	(207)	(261)	54
Financial expenses, excluding financial services companies	**980**	**1,360**	(380)
Net financial income (expenses), excluding financial services companies	**(849)**	**(1,111)**	262

3. Tax expense

€ million	I Half 2018	I Half 2017	Change
Current tax expense	743	835	(92)
Deferred tax (benefit)/expense	272	1,075	(803)
Tax (benefit)/expense relating to prior periods	(19)	(71)	52
Total	**996**	**1,839**	(843)

The decrease in tax expense reflects the impact of the December 2017 U.S. tax reform, partially offset by reduced permanent tax benefits and increased unrecognized deferred tax assets. In addition in the six months ended 30 June 2017 a decrease of €734 million in deferred tax assets in Brazil was recognized.

4. Earnings per share

		I Half 2018	I Half 2017
Average number of ordinary shares outstanding		**235,159,635**	**234,540,063**
Profit attributable to owners of the parent	€ million	**741**	**916**
- basic earnings per share	€	3.151	3.907
- diluted earnings per share	€	3.118	3.881

For the periods under consideration, for purposes of the calculation of diluted earnings per share, the profit attributable to owners of the parent was adjusted to take into account the dilutive effects arising from the theoretical exercise of the stock option plans granted by the subsidiaries of the Group using their own equity instruments.

5. Intangible assets

At 30 June 2018 amounts to €33,291 million (€32,523 million at 31 December 2017) of which goodwill for €14,192 million (€13,832 million at 31 December 2017). The increase during the six months ended 30 June 2018 was primarily related to foreign currency translation of the U.S. Dollar to the Euro.

6. Inventories

€ million	30.06.2018	31.12.2017	Change
Finished goods and goods for resale	20,232	18,372	1,860
Work in progress, raw materials and manufacturing supplies	2,582	1,891	691
Construction contract assets	256	175	81
Total	**23,070**	**20,438**	2,632

€ million	**At 31 December 2017 (as reported)**	Adjustment/ reclassification	**At 1 January 2018 (as adjusted)**
Finished goods and goods for resale	18,372		18,372
Work in progress, raw materials and manufacturing supplies	1,891	(288)	1,603
Construction contract assets	175		175
Total	**20,438**	(288)	**20,150**

The entire amount of construction contract is expected to be recognized as revenue in the following twelve months.

At 30 June 2018 inventories of the CNH industrial Group included assets which are no longer subject to operating lease arrangements or buy-back commitments and were held for sale for a total of €308 million.

7. Investments of reinsurance companies

€ million	30.06.2018	31.12.2017	Change
Fixed maturities, at fair value	10,996	10,552	444
Short-term investments, at fair value	116	4	112
Equities, at fair value	622	532	90
Other invested assets	847	760	87
Funds held directly managed	360	354	6
Accrued investment income, at fair value	98	101	(3)
Funds held by reinsured companies (a)	697	668	29
Total	**13,738**	**12,971**	767

(a) At amortized cost

8. Receivables from financing activities

€ million	30.06.2018	31.12.2017	Change
Dealer financing	10,938	10,690	248
Retail financing	8,583	8,739	(156)
Finance leases	494	498	(4)
Other	730	507	219
Total	**20,745**	**20,434**	307

€ million	At 31 December 2017 (as reported)	Adjustment/ reclassification	At 1 January 2018 (as adjusted)
Dealer financing	10,690	(40)	10,650
Retail financing	8,739	1	8,740
Finance leases	498		498
Other	507		507
Total	**20,434**	(39)	**20,395**

9. Transfer of financial assets

The transfer of financial assets mainly refers to the FCA Group and the CNH Industrial Group.

At 30 June 2018, the FCA Group had receivables due after that date which had been transferred without recourse and which were derecognized in accordance with IFRS 9 – *Financial Instruments*, amounting to €8,988 million (€7,866 million at 31 December 2017). The transfers related to trade receivables and other receivables of €7,670 million (€6,752 million at 31 December 2017) and financial receivables of €1,318 million (€1,114 million at 31 December 2017). These amounts included receivables of €5,640 million (€4,933 million at 31 December 2017), mainly due from the sales network, transferred to FCA Bank, a jointly-controlled financial services company.

At 30 June 2018 the CNH Industrial Group had restricted assets included in Receivables from financing activities related to factoring transactions for €11,902 million, of which €5,565 million relate to retail financing and finance lease receivables.

The CNH Industrial Group discounted receivables and bill without recourse having due dates beyond 30 June 2018 amounting to €358 million (€472 million at 31 December 2017), of which €352 million (€469 million at 31 December 2017) relates to trade receivables and other receivables and €6 million (€3 million at 31 December 2017) refers to receivables from financing activities.

10. Cash and cash equivalents

Cash and cash equivalents amount to €19,273 million (€20,028 million at 31 December 2017) and include cash at banks, units in money market funds and other money market securities that are readily convertible into cash. Cash and cash equivalents are subject to an insignificant risk of changes in value, and consist of balances spread across various primary national and international banking institutions, liquid funds and other money market instruments.
At 30 June 2018 this item included €675 million (€642 million at 31 December 2017) of restricted cash which mainly includes bank deposits that may be used exclusively for the repayment of the debt relating to securitizations classified as asset-backed financing.

11. Equity

Share capital

The total issued capital of EXOR N.V. was equal to Euro 2,410,000, divided into no. 241,000,000 shares with a nominal value of Euro 0.01 each. There were no changes compared to 31 December 2017.

EXOR N.V. adopts a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each EXOR N.V. ordinary share held without interruption for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each EXOR N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period. No special voting shares had been issued at 30 June 2018.

Treasury stock

At 30 June 2018 EXOR holds 5,618,643 shares of treasury stock (2,33% of the class) for a total amount of €56.2 thousand.

Other comprehensive income (loss)

The composition of other comprehensive income (loss) was as follows:

€ million	I Half 2018	I Half 2017
Items that will not be reclassified to the income statement in subsequent periods:		
Gains (losses) on re-measurement of defined benefit plans	41	(4)
Share of gains (losses) on re-measurement of defined benefit plans relating to investments accounted for using the equity method	0	0
Gains (losses) on financial assets measured at FVTOCI	(12)	0
Total other comprehensive income that will not be reclassified to the income statement in subsequent periods, net of tax (B1)	**29**	**(4)**
Items that may be reclassified to the income statement in subsequent periods		
Gains (losses) on cash flow hedging instruments arising during the period	146	145
Gains (losses) on cash flow hedging instrument reclassified to the income statement	(110)	98
Gains (losses) on cash flow hedges	**36**	**243**
Gains (losses) on re-measurement of available-for-sale financial assets arising during the period	0	6
Gains (losses) on fair value of available-for-sale financial assets reclassified to the income statement	0	0
Gains (losses) on fair value of available-for-sale financial assets	**0**	**6**
Exchange differences on translating foreign operations arising during the period	(234)	(2,343)
Exchange differences on translating foreign operations reclassified to the income statement	0	0
Exchange differences on translating foreign operations	**(234)**	**(2,343)**
Share of other comprehensive income of investments accounted for using the equity method arising during the period	(70)	6
Share of other comprehensive income of investments accounted for using the equity method reclassified to the income statement	(25)	29
Share of other comprehensive income of investments accounted for using the equity method	**(95)**	**35**
Total other comprehensive income that may be reclassified to the income statement in subsequent periods, net of tax (B2)	**(293)**	**(2,059)**
Total other comprehensive income, before tax effect (B1) + (B2) = (B)	**(264)**	**(2,063)**
Tax effect	**(25)**	**(23)**
Total other comprehensive income, net of tax	**(289)**	**(2,086)**

The tax effect on other comprehensive income (loss) was as follows:

€ million	I Half 2018			I Half 2017		
	Pre-tax balance	**Tax benefit (expense)**	**Net -of-tax balance**	Pre-tax balance	Tax benefit (expense)	Net-of-tax balance
Gains (losses) on re-measurement of defined benefit plans	41	(9)	32	(4)	1	(3)
Effective portion of gains (losses) on cash flow hedges	36	(22)	14	243	(24)	219
Gains (losses) on re-measurement of financial assets	(12)		(12)	6		6
Exchange gains (losses) on translating foreign operations	(234)		(234)	(2,343)		(2,343)
Share of other comprehensive income of investments accounted for using the equity method	(95)	6	(89)	35	0	35
Total other comprehensive income	**(264)**	**(25)**	**(289)**	**(2,063)**	**(23)**	**(2,086)**

12. Share-based compensation

EXOR

The cost recognized in the first six months of 2018 for all the stock option plan amounts to €2.523 million, of which €1.889 million classified as compensation of the Chairman and Chief Executive Officer.

All the incentive plans will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect.

FCA

Performance Share Units

In February 2018, FCA awarded a total of 2.45 million Performance Share Units ("PSU") to certain key employees under the framework equity incentive plan. The PSU awards, which represent the right to receive FCA common shares, include a total shareholder return ("TSR") target. These awards ("PSU TSR awards") will vest based upon market conditions covering a five -year performance period from January 2017 through December 2021. Accordingly, the total number of shares that will eventually be issued may vary from the original award of 2.45 million units. One third of the total PSU TSR awards will vest in 2020, a cumulative two-thirds in 2021 and a cumulative 100 percent in 2022 if the respective performance goals for the years 2017 to 2019, 2017 to 2020 and 2017 to 2021 are achieved.

Restricted Share Units

In February 2018, FCA awarded 590 thousand Restricted Share Units ("RSUs") to certain key employees of the Company, which represent the right to receive FCA common shares. These shares will vest in three equal tranches in 2019, 2020 and 2021. The fair values of the awards were measured using the FCA stock price on the grant date.

Share-based compensation expense

Including previously granted awards, total expense for the PSU and RSU awards of €36 million and €26 million was recorded for the six months ended 30 June 2018, respectively.
The total number of PSU and RSU awards outstanding at 30 June 2018 were 14.55 million and 4.36 million respectively.

Anti-dilution

The documents governing FCA's long-term incentive plans contain anti-dilution provisions which provide for an adjustment to the number of awards granted under the plans in order to preserve, or alternatively prevent the enlargement of, the benefits intended to be made available to the recipients of the awards should an event occur that impacts the capital structure.
In January 2018, as a result of the distribution of the Company's entire interest in GEDI Gruppo Editoriale S.p.A. to holders of FCA common shares on 2 July 2017, the Compensation Committee of FCA approved a conversion factor of 1.003733 that was applied to outstanding awards under the Long Term Incentive Plan to make equity award holders whole for the resulting diminution in the value of an FCA common share. There was no change to the total cost of these awards to be amortized over the remaining vesting period as a result of these adjustments.

CNH Industrial

In the six months ended 30 June 2018 there were no material grants of stock options or share units under the existing CNH Industrial share-based compensation plans. CNH Industrial recognized total share-based compensation expense of €13 million (€10 million for the comparable periods of 2017).

Ferrari

At 30 June 2018, Ferrari recognized a cumulative amount of €35.2 million as an increase to other reserves in equity for the PSU awards and RSU awards and had unrecognized compensation expense of approximately €19 million.
This expense will be recognized over the remaining vesting period until 2020.
None of the PSU awards or RSU awards were forfeited and none of the outstanding PSU awards or RSU awards had vested at 30 June 2018.

PartnerRe

In the first-half of 2018, certain PartnerRe Ltd.'s executive officers were awarded a total of 345,644 Class B shares of par value US$0.00000001 each. These Class B Common Shares represent less than 0.4% of the total voting common shares of PartnerRe Ltd. and are comprised of 183,834 unrestricted shares and 161,810 restricted shares at 30 June 2018.

13. Employee benefits

At 30 June 2018 employee benefits amounts to €11,200 million (€11,653 million at 31 December 2017).

On 20 February 2018, CNH Industrial announced that the United States Supreme Court had ruled in its favor in Reese vs. CNH Industrial N.V. and CNH Industrial America LLC. The decision allowed CNH Industrial to terminate or modify various retiree healthcare benefits previously provided to certain UAW Union represented CNH Industrial retirees. On 16 April 2018, CNH Industrial announced its determination to modify the Benefits provided to the applicable retirees ("Benefits Modification") to make them consistent with the Benefits provided to current eligible CNH Industrial retirees who had been represented by the UAW. The Benefits Modification resulted in a reduction of the plan liability by €452 million ($527 million). This amount has been recognized in its entirety in Other income (expenses).

14. Other provisions

Details are as follows:

€ million	30.06.2018	31.12.2017	Change
Product warranty and recall campaigns	7,586	7,750	(164)
Restructuring provision	100	123	(23)
Investments provision	15	15	0
Provisions for other risks	10,028	10,244	(216)
Total	**17,939**	**18,132**	(403)

€ million	**At 31 December 2017 (as reported)**	Adjustment/ reclassification	**At 1 January 2018 (as adjusted)**
Product warranty and recall campaigns	7,750	(123)	7,627
Restructuring provision	123		123
Investments provision	15		15
Provisions for other risks	10,244	(203)	10,041
Total	**18,132**	(326)	**17,806**

15. Technical reserves reinsurance companies

At 30 June 2018 the composition of technical reinsurance reserves related to the PartnerRe Group was as follows:

€ million	30.06.2018	31.12.2017	Change
Non-life technical reinsurance reserves	7,989	8,097	(108)
Life and health technical reinsurance reserves	2,153	2,076	77
Unearned premium reserves	2,041	1,517	524
Total technical reinsurance reserves	**12,183**	**11,690**	493

Non-life technical reinsurance reserves

Non-life technical reinsurance reserves are categorized into three types of reserves: Case reserve, ACRs and IBNR reserves. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. ACRs are established for particular circumstances where, on the basis of individual loss reports, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves and ACRs.

The reconciliation of the beginning and ending gross and net liability for unpaid losses and loss expenses of PartnerRe for the first six months 2018 was as follows:

€ million	
Gross liability at 31 December 2017	8,097
Reinsurance recoverable at 31 December 2017	(574)
Net reserves at 31 December 2017	7,523
Net incurred losses	986
Net paid losses	(1,100)
Change in Paris Re Reserve Agreement	5
Translation differences and other changes	(96)
Net liability at 30 June 2018	7,511
Reinsurance recoverable at 30 June 2018	478
Gross liability at 30 June 2018	**7,989**

Life and health technical reinsurance reserves

The reconciliation of the beginning and ending gross and net liability for life and health technical reinsurance reserves of PartnerRe for the first six months 2018 was as follows:

€ million	
Gross liability at 31 December 2017	2,076
Reinsurance recoverable at 31 December 2017	(34)
Net reserves at 31 December 2017	2,042
Net incurred losses	558
Net paid losses	(495)
Translation differences	4
Net liability at 30 June 2018	2,109
Reinsurance recoverable at 30 June 2018	44
Gross liability at 30 June 2018	**2,153**

16. Financial debt

The composition of financial debt is as follows:

€ million	30.06.2018	31.12.2017	Change
Notes	20,332	22,103	(1,771)
Borrowings from banks	10,590	11,489	(899)
Asset-backed financing	11,053	10,943	110
Payables represented by securities	188	826	(638)
Other financial debt	2,338	1,080	1,258
Total financial debt	**44,501**	**46,441**	(1,940)

Notes

The composition is as follows:

€ million	30.06.2018	31.12.2017	Change
Notes issued by EXOR	3,249	2,521	728
Notes issued by FCA Group	8,440	9,626	(1,186)
Notes issued by CNH Industrial Group	6,207	7,526	(1,319)
Notes issued by Ferrari Group	1,192	1,194	(2)
Notes issued by PartnerRe Group	1,244	1,236	8
Total notes	**20,332**	**22,103**	(1,771)

The individual company issuers intend to repay the issued notes in cash at the due date by utilizing available liquid resources. In addition, the companies in the Group may from time to time buy back their issued notes, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the individual companies and other factors which could affect such decisions.

EXOR

On 18 January 2018 EXOR issued €500 million nominal of notes, maturing in January 2028, with a fixed annual coupon of 1.750% and an effective yield to maturity of 1.914%.
On 15 February 2018 EXOR issued €200 million nominal of notes, maturing in February 2038, with a fixed annual coupon of 3.125%.

FCA Group

In March 2018, the FCA Group repaid a note at maturity with a principal amount of €1,250 million that was issued through the Medium Term Note ("MTN") Programme.

CNH Industrial Group

In the first six months of 2018 CNH Group repaid the remaining outstanding CNH Industrial Finance Europe S.A. 6.25% Notes of $1,048 million and of the CNH Industrial Capital LLC 3.625% Notes of $600 million.

Borrowings from banks

The composition is as follows:

€ million	30.06.2018	31.12.2017	Change
EXOR	87	714	(627)
FCA Group	6,327	6,948	(621)
CNH Industrial Group	4,007	3,575	432
Ferrari Group	37	38	(1)
Juventus	132	214	(82)
Total borrowings from banks	**10,590**	**11,489**	(899)

EXOR

The decrease of €627 million is mainly attributable to the repayment of credit line, of which €248 million in foreign currency.

At 30 June 2018 EXOR has irrevocable unsecured credit lines in Euro of €400 million expiring after 30 June 2019, as well as revocable unsecured credit lines of €487 million. At the same date EXOR also has credit lines in foreign currency for a total of $90 million (€77 million) expiring after 30 June 2019.
The residual irrevocable unsecured credit line in foreign currency for the acquisition of PartnerRe ($300 million) was fully repaid in January 2018.

FCA Group

In March 2018, the Group amended its syndicated revolving credit facility originally signed in June 2015 and previously amended in March 2017 (as amended, the "RCF"). The amendment extended the RCF's final maturity to March 2023. The RCF, which is available for general corporate purposes and for the working capital needs of the Group, is structured in two tranches: €3.125 billion, with a 37-month tenor and two extension options of 1-year and of 11-months exercisable on the first and second anniversary of the amendment signing date, respectively, and €3.125 billion, with a 60-month tenor.
The amendment was accounted for as a debt modification and, as a result, the new costs associated with the March 2018 amendment as well as the remaining unamortized debt issuance costs related to the original €5.0 billion RCF and the previous March 2017 amendment will be amortized over the life of the amended RCF.

At 30 June 2018, undrawn committed credit lines totaling €7.6 billion included the €6.25 billion RCF and €1.4 billion of other revolving credit facilities. At 31 December 2017, undrawn committed credit lines totaling €7.6 billion included the €6.25 billion RCF and approximately €1.3 billion of other revolving credit facilities.

CNH Industrial Group

Available Group's committed unsecured facilities expiring after twelve months amounted to approximately $3.1 billion at 30 June 2018 ($3.2 billion at 31 December 2017). Total committed secured facilities expiring after twelve months amounted to approximately $4.5 billion at 30 June 2018 ($3.8 billion at 31 December 2017) of which $0.9 billion was available at 30 June 2018 ($1.2 billion at 31 December 2017).

Ferrari Group
Borrowings from banks at 30 June 2018 mainly relate to financial liabilities of FFS Inc to support the financial services operations, and in particular (i) €30 million (€29 million at 31 December 2017) relating to a U.S. Dollar denominated credit facility for up to $50 million (drawn down for $35 million at 30 June 2018) and bearing interest at LIBOR plus a range of between 65 and 75 basis points; (ii) other borrowings from banks of €7 million (€9 million at 31 December 2017) relating to various short and medium term credit facilities.

Juventus
At 30 June 2018 Juventus Football Club has credit lines of €502 million (€546 million at 31 December 2017, of which €332 million (€413 million in 2017) is drawn down.

17. Other liabilities

€ million	30.06.2018	31.12.2017	Change
Advances on buy-back agreements	5,085	4,820	265
Accrued expenses and deferred income	5,990	4,650	1,340
Amounts due to customers for contract work	127	180	(53)
Other	6,029	6,028	1
Total	**17,231**	**15,678**	1,553

€ million	**At 31 December 2017 (as reported)**	Adjustment/ reclassification	**At 1 January 2018 (as adjusted)**
Advances on buy-back agreements	4,820	(1,065)	3,755
Accrued expenses and deferred income	4,650	1,270	5,920
Amounts due to customers for contract work	180		180
Other	6,028	31	6,059
Total	**15,678**	236	**15,914**

18. Guarantees granted, commitments and contingent liabilities

Guarantees granted by the CNH Industrial Group
At 30 June 2018 CNH Industrial Group has provided loan guarantees on the debt or commitments of third parties, mainly on behalf of a joint venture related to commercial commitments of defense vehicles, totaling € 364 million (€307 million at 31 December 2017).

Guarantees granted by PartnerRe Group
At 30 June 2018 approximately €158 million of cash and cash equivalents and €2,840 million of securities held by PartnerRe Group were deposited, pledged or held in escrow accounts in favor of ceding companies and other counterparties or government authorities to comply with reinsurance contract provisions and insurance laws.

Commitments of Juventus Football Club S.p.A.
The commitments of Juventus included guarantees received from leading credit institutions of €40 million (€97 million at 31 December 2017) issued to guarantee the payables arising from the acquisition of players' registration rights (€32 million), the infrastructure works under the Agreed Executive Plan of the Continassa Area (€5 million) and other commitments (€3 million).

Litigation and contingent liabilities
As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters, dealer and supplier relationships and intellectual property rights.
The outcome of any proceedings cannot be predicted with certainty. These risks arise from pending legal proceedings or requests received by the Group seeking recovery for damage to property, personal injuries and in some cases include a claim for exemplary or punitive damage. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results.

FCA Group

Litigation

Takata airbag inflators

FCA is aware of putative class action lawsuits filed in March 2018 against FCA US in the U.S. District Courts for the Southern District of Florida and the Eastern District of Michigan, asserting claims under federal and state laws alleging economic loss due to Takata airbag inflators installed in certain of its vehicles. At this early stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Rear Impact Litigation

On 9 July 2012, a lawsuit was filed against FCA US in the Superior Court of Decatur County, Georgia, U.S. (the "Court"), with respect to a March 2012 fatality in a rear-impact collision involving a 1999 Jeep Grand Cherokee. Plaintiffs alleged that the manufacturer had acted in a reckless and wanton fashion when it designed and sold the vehicle due to the placement of the fuel tank behind the rear axle and had breached a duty to warn of the alleged danger. On 2 April 2015, a jury found in favor of the plaintiffs and the trial court entered a judgment against FCA US in the amount of U.S.$148.5 million (€141 million). On 24 July 2015, the Court issued a remittitur reducing the judgment against FCA US to U.S.$40 million (€38 million).

While FCA US respects the decision of the jury, the Company appealed the final judgment issued by the judge. FCA US believes the judgment was not supported by the evidence or the law. FCA US maintains that the 1999 Jeep Grand Cherokee is not defective, and its fuel system does not pose an unreasonable risk to motor vehicle safety. The vehicle met or exceeded all applicable Federal Motor Vehicle Safety Standards, including the standard governing fuel system integrity. Furthermore, FCA US has submitted extensive data to NHTSA validating that the vehicle performs as well as, or better than, peer vehicles in impact studies. During the trial, however, the judge did not permit FCA US to introduce for the jury's consideration, all data previously provided to NHTSA along with other key evidence, demonstrating the vehicle's fuel system is not defective.

On 15 November 2016, the Georgia Court of Appeals affirmed the Court's verdict and judgment of U.S.$40 million (€38 million). On 15 March 2018, the Georgia Supreme Court affirmed the judgment of the Georgia Court of Appeals. FCA US declined to pursue further appeals and the final amount of the outstanding judgment, including accrued interest, did not materially exceed existing provisions.

Emissions Matters

During the six months ended 30 June 2018, FCA continued to cooperate with several governmental investigations. In particular FCA continued to work with the U.S. Environmental Protection Agency ("EPA") and the California Air Resources Board ("CARB") to address their concerns about certain software-based features in the emissions control systems in approximately 100,000 2014-2016 model year light-duty Ram 1500 and Jeep Grand Cherokee diesel vehicles that were the subject of Notices of Violation issued in January 2017.

FCA is also continuing to defend a number of private and governmental claims related to diesel emissions issues in various proceedings.

During the period, FCA continued testing on the 2014-2016 model year vehicles of the modified emissions software calibrations that FCA implemented in its 2017 model year vehicles which have been approved for sale by EPA and CARB with no required hardware changes. FCA expects that this testing may be completed during the third quarter of 2018, although no assurance can be given as to the outcome and timing of the regulatory approval processes.

In connection with the civil lawsuit filed against FCA by the Environmental and Natural Resources Division of the U.S. Department of Justice ("DOJ-ENRD") on behalf of the EPA and the putative class action filed on behalf of consumers, FCA has also been engaged in a confidential mediation process under the auspices of a settlement master appointed by the court. While there can be no assurance as to the outcome of any of these discussions, FCA is continuing to work with the governmental agencies and, to resolve their concerns, FCA may seek to reach a settlement with these agencies shortly following completion of the regulatory approval process. Although CARB is not a party to the litigation, it is also participating in this mediation process.

Any settlement of civil lawsuits brought by private plaintiffs and the claims of government agencies, particularly EPA and CARB are likely to involve the payment of a civil penalty, the funding of environmental remediation projects and commitments from FCA including as to the implementation of the modified emissions software calibrations. Any settlement with private plaintiffs may also include payments to consumers or incurrence of other costs as well as, possibly, similar commitments to consumers. At this time, FCA cannot predict whether or when any settlements may be reached or, if no settlement is reached, the ultimate outcome of any litigation or related governmental investigations.

To date, there have been limited discussions regarding potential financial payments in connection with settlement of the above items. Aggregated initial settlement indications presented by the private plaintiffs and certain of the governmental parties could exceed two billion Euro, while those presented by the Group would not be material. As such, there is significant uncertainty regarding these preliminary indications. Therefore, they do not, individually or in the aggregate, provide a reliable basis to estimate a range of likely outcomes. As a result, a provision has not been recognized by the Group. Resolution of these matters may also adversely affect FCA reputation with consumers, which may negatively impact demand for its vehicles and could have a material adverse effect on its business, financial condition and results of operations.

Safety Recalls

On 11 September 2015, a putative securities class action complaint was filed in the U.S. District Court for the Southern District of New York against alleging material misstatements regarding FCA's compliance with regulatory requirements and that FCA failed to timely disclose certain expenses relating to its vehicle recall campaigns. On 5 October 2016, the district court dismissed the claims relating to the disclosure of vehicle recall campaign expenses but ruled that claims regarding the alleged misstatements regarding regulatory requirements would be allowed to proceed. On 17 February 2017, the plaintiffs amended their complaint to allege material misstatements regarding emissions compliance. On 13 November 2017, the Court denied FCA's motion to dismiss the emissions-related claims. On 15 June 2018, the Court certified a class of FCA's stockholders in the case. At this stage of the proceedings, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

CNH Industrial Group

Iveco, a wholly owned subsidiary of CNH Industrial, and its competitors were subject to an investigation by the European Commission (the "Commission") into certain business practices in the European Union in relation to medium and heavy trucks.

On 19 July 2016 the Commission announced a settlement with Iveco. Following the settlement, CNH Industrial has been named as defendant in current private litigation commenced in various European jurisdictions and Israel that remains at an early stage, and CNH Industrial expects to face further claims in various jurisdiction; the extent and outcome of which cannot be predicted at this time.

CNH Industrial N.V. is successor to Fiat Industrial S.p.A. – a company formed as a result of the demerger of Fiat S.p.A. (now "FCA") (the "Demerger"). As such, CNH Industrial N.V. continues to be liable jointly with FCA for the liabilities of FCA that arose prior to the effective date of the Demerger (1 January 2011) and were still outstanding at that date (the "Liabilities"). This statutory provision is limited to the value of the net assets transferred to Fiat Industrial in the Demerger and survives until the Liabilities are satisfied in full. Furthermore, CNH Industrial N.V. may be responsible jointly with FCA in relation to tax liabilities, even if such tax liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger.

At 30 June 2018, the outstanding Liabilities amounted to approximately €231 million ($198 million). CNH Industrial believes the risk of FCA's insolvency is extremely remote, and therefore, no specific provision has been accrued in respect of the above-mentioned potential joint liability.

19. Segment reporting

Reportable segments reflect the operating segments of the Group that are regularly reviewed by the Chief Executive Officer, who is the "chief operating decision maker", as defined under IFRS 8 – Operating Segments, for making strategic decisions and allocating resources and assessing performance, and that exceed the quantitative threshold provided in IFRS 8 – Operating Segments, or whose information is considered useful for the users of the financial statements.

The EXOR Group reportable segments coincide with the consolidated data of each subsidiary holding company, every one of which represents an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus Football Club and the Holdings System.

The information by reporting segment in the first half of 2018 and in the first half of 2017 is as follows:

€ million	FCA	CNH Industrial	Ferrari	Partner Re	Juventus F.C.	Holdings System	Elimi-nations and adjust-ments	EXOR Group
I Half 2018								
Segment revenues	56,020	12,214	1,737	2,136	214	0	(595)	71,726
Revenues from transactions with other operating segments	(287)	(173)	(124)	0	(11)	0	595	0
Revenues from external customers	**55,733**	**12,041**	**1,613**	**2,136**	**203**	**0**	**0**	**71,726**
Profit (loss) before taxes	**2,396**	**1,060**	**419**	**19**	**(56)**	**741**	**(763)**	**3,816**
Profit (loss) for the period	**1,775**	**801**	**309**	**20**	**(62)**	**741**	**(763)**	**2,820**
Equity attributable to owners of the parent	**22,485**	**5,960**	**924**	**5,732**	**75**	**11,415**	**(35,176)**	**11,415**
Total equity	**22,673**	**5,980**	**928**	**6,361**	**75**	**11,415**	**(14,101)**	**33,331**
I Half 2017								
Segment revenues	55,644	11,933	1,741	2,434	249	0	(628)	71,373
Revenues from transactions with other operating segments	(286)	(157)	(173)	0	(12)	0	628	0
Revenues from external customers	**55,358**	**11,776**	**1,568**	**2,434**	**237**	**0**	**0**	**71,373**
Profit (loss) before taxes	**3,376**	**387**	**362**	**253**	**(22)**	**894**	**(837)**	**4,413**
Profit (loss) for the period	**1,796**	**237**	**260**	**229**	**(27)**	**916**	**(837)**	**2,574**
Equity attributable to owners of the parent	**19,877**	**5,871**	**510**	**6,036**	**98**	**10,814**	**(32,392)**	**10,814**
Total equity	**20,053**	**5,882**	**515**	**6,687**	**98**	**10,814**	**(13,582)**	**30,467**

20. Fair value measurement

Assets and liabilities measured at fair value on a recurring basis

The following table shows the fair value hierarchy, based on observable and unobservable input for financial assets and liabilities that are measured at fair value on a recurring basis at 30 June 2018:

€ million	Level 1	Level 2	Level 3	Total
Debt securities and equity instruments measured at FVTOCI	13	42	54	109
Debt securities and equity instruments measured at FVTPL	281		165	446
Derivative financial assets		543	3	546
Collateral deposits	69			69
Receivables from financing activities (1)			795	795
Trade receivables		114		114
Investments of reinsurance companies measured at FVTPL	66	11,184	1,461	12,711
Money market securities (1)	4,195			4,195
Total Assets at 30 June 2018	**4,624**	**11,883**	**2,478**	**18,985**
Derivative financial liabilities		(338)	(6)	(344)
Total Liabilities at 30 June 2018		**(338)**	**(6)**	**(344)**
Debt securities and equity instruments measured at FVTOCI	61	41	58	160
Debt securities and equity instruments measured at FVTPL	223			223
Derivative financial assets		320	30	350
Collateral deposits	61			61
Investments of reinsurance companies measured at FVTPL	36	10,678	1,314	12,028
Total Assets at 31 December 2017	**381**	**11,039**	**1,402**	**12,822**
Derivative financial liabilities		(254)	(1)	(255)
Total Liabilities at 31 December 2017		**(254)**	**(1)**	**(255)**

(1) Amount at 30 June 2018 excluded items measured at amortized cost.

The impact of the adoption of IFRS 9 on the fair value hierarchy as at 1 January 2018 was as follows:

	At 31 December 2017 as reported				Adjustments/ Reclassifications				At 1 January 2018 as adjusted			
€ million	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Debt securities and equity instruments measured at FVTOCI	82	41	37	160	(58)	1	11	(46)	24	42	48	114
Debt securities and equity instruments measured at FVTPL	223			223	65		1	66	288		1	288
Derivative financial assets		320	30	350						320	30	350
Collateral deposits	61			61					61			61
Receivables from financing activities							688	688			688	688
Trade receivables						28		28		28		28
Investments of reinsurance companies measured at FVTPL	36	10,678	1,314	12,028					36	10,678	1,314	12,028
Money market securities					2,718			2,718	2,718			2,718
Total Assets	**402**	**11,039**	**1,381**	**12,822**	**2,725**	**29**	**700**	**3,454**	**3,127**	**11,068**	**2,081**	**16,276**
Derivative financial liabilities		(254)	(1)	(255)						(254)	(1)	(255)
Total Liabilities		**(254)**	**(1)**	**(255)**						**(254)**	**(1)**	**(255)**

In the first half of 2018 there were no transfers between Levels in the fair value hierarchy.
For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by-reassessing categorization at the end of each reporting period.

Investments of reinsurance companies at fair value principally are classified as Level 2 and include: U.S. government issued bonds; U.S. state, territory and municipal entities bonds; non-U.S. sovereign government, supranational and government related bonds.

Investments classified as Level 3 include inactively traded fixed maturities, unlisted equities, fund investments, derivative instruments and other invested assets. Fair value is determined using valuation models widely accepted; the valuation technique generally used is discounted cash flow, considering counterparty credit risk.

The fair value of other financial assets and liabilities, which mainly include derivative financial instruments, is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rates and interest rates at the balance sheet date;
- the fair value of interest rate swaps and forward rate agreements is determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps is determined using the exchange rates and interest rates prevailing at the balance sheet date and the discounted expected cash flow method and adjusted;
- the fair value of swaps and options hedging commodity price risk is determined by using suitable valuation techniques and taking market parameters at the balance sheet date (in particular, underlying prices, interest rates and volatility rates);
- the fair value of receivables for financing activities, which are classified in Level 3 of the fair value hierarchy, has been estimated using discounted cash flow models. The most significant inputs used in this measurement are market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted to take account of the credit risk of counterparties.

The following table provides the changes in items measured at fair value classified within Level 3 in the first half of 2018:

€ million	1 January 2018	Gains (losses) recognized In the income statement	Gains (losses) recognized In OCI	Increase (decrease)	30 June 2018
Debt securities and equity instruments measured at FVTOCI	48			6	54
Debt securities and equity instruments measured at FVTPL	1	14		150	165
Derivative financial assets	30	21	(33)	(15)	3
Receivables from financing activities	688			107	795
Investments of reinsurance companies measured at FVTPL	1,314	17		130	1,461
Total Assets	**2,081**	52	(33)	378	**2,478**
Derivative financial liabilities	(1)			(5)	(6)
Total Liabilities	**(1)**			(5)	**(6)**

Gains (losses) included in the income statement for the first half of 2018 are recognized in financial income (expenses) and cost of sales. The gains (losses) recognized in Other comprehensive income (loss) are included in the fair value reserve and in the cash flow hedge reserve.

Assets and liabilities not measured at fair value on a recurring basis

The carrying value for current receivables and payables is a reasonable approximation of the fair value as the present value of future cash flow does not differ significantly from the carrying amount.

The following table presents the carrying amount and the fair value for the most relevant categories of financial assets and liabilities not measured at fair value on a recurring basis:

€ million	30 June 2018 Carrying amount	30 June 2018 Fair value	31 December 2017 Carrying amount	31 December 2017 Fair value
Financial assets				
Non-current debt securities	52	59	51	59
Dealer financing receivables [(1)]	10,144	10,141	10,690	10,688
Retail financing receivables	8,583	8,402	8,739	8,881
Finance lease receivables	494	492	498	497
Other	729	729	482	482
Total assets	**20,002**	**19,823**	**20,460**	**20,607**
Financial liabilities				
Asset-backed financing	(11,053)	(10,926)	(10,943)	(10,768)
Notes	(20,332)	(21.073)	(22,103)	(23,441)
Borrowing from banks, payables represented by securities and other financial debt	(13,116)	(13,064)	(13,395)	(13,328)
Total liabilities	**(44,501)**	**(45,063)**	**(46,441)**	**(47,537)**

(1) Amount at 30 June 2018 excluded receivables measured at fair value.

Non-current debt securities are represented by notes issued by leading counterparties, listed on active markets and therefore their fair value is categorized in Level 1.

The fair values of receivables from financing activities, which are classified in Level 3 of the fair value hierarchy, have been estimated with discounted cash flows models. The most significant inputs used for this measurement are market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted to take account of the credit risk of the counterparties.

Notes that are traded in active markets for which a close or last trade pricing is available are classified in Level 1 of the fair value hierarchy. Notes for which such prices are not available, are valued at the last available price or based on quotes received from third parties and are classified in Level 2 of the fair value hierarchy.
The fair value of the senior notes of PartnerRe was calculated based on discounted cash flow models using observable market yields and contractual cash flows.
The fair value of notes is categorized principally in Level 1 and in Level 2.

The fair value of borrowing from banks, payables represented by securities and other financial debt, classified principally in Level 2, has been estimated using discounted cash flow models.

The main inputs used are period-end market interest rates, adjusted for market expectations of the Group's non-performance risk implied in quoted prices of traded securities issued by the Group and existing credit derivatives on Group liabilities. The fair value of the debt that requires significant adjustments using unobservable inputs is classified in Level 3.

21. Related party transactions

The entities of each consolidated Group put in place transactions with subsidiaries, joint ventures, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.
Pursuant to IAS 24 the related parties of the EXOR Group are Giovanni Agnelli, the FCA Group, the CNH Industrial Group, the Ferrari Group, the PartnerRe Group and their respective unconsolidated subsidiaries, associates and joint ventures, Juventus, The Economist Group and their subsidiaries. In addition, members of the board of directors of EXOR and its parent Giovanni Agnelli and their families are also considered related parties.

The effects of transactions with related parties recognized in the consolidated income statement of the Group in the first half of 2018 and 2017 are as follows:

	I HALF 2018				I HALF 2017			
€ million	Net revenues	Cost of sales	Selling, general and other (income) expenses	Financial (income) expenses	Net revenues	Cost of sales	Selling, general and other (income) expenses	Financial (income) expenses
Joint - ventures	2,545	1,647	(21)	25	2,731	1,743	(52)	18
Associates	91	122	(1)	(2)	107	24	(3)	1
Other related parties	0	0	0	0	1	22	1	0
Unconsolidated subsidiaries	4	4	3	0	32	5	6	(1)
Total related parties	**2,640**	**1,773**	**(19)**	**24**	**2,871**	**1,794**	**(48)**	**18**

Non-financial assets and liabilities originating from related party transactions are as follows:

	At 30 June 2018				At 31 December 2017			
€ million	Trade receivables	Trade payables	Other assets	Other liabilities	Trade receivables	Trade payables	Other assets	Other liabilities
Joint - ventures	409	456	6	392	275	541	14	309
Associates	33	71	15	12	26	52	12	13
Other related parties	1	0	0	0	0	0	0	1
Unconsolidated subsidiaries	10	6	1	2	74	12	0	0
Total related parties	**453**	**533**	**22**	**406**	**375**	**605**	**26**	**323**

Financial assets and liabilities originating from related party transactions are as follows:

	At 30 June 2018		At 31 December 2017	
€ million	Receivables from financing activities	Financial debt	Receivables from financing activities	Financial debt
Joint - ventures	357	480	391	352
Associates	16	0	40	3
Other related parties	0	0	0	0
Unconsolidated subsidiaries	10	31	10	28
Total related parties	**383**	**511**	**441**	**383**

Commitments and guarantees pledged in favor of related parties of the CNH Industrial Group

At 30 June 2018 the CNH Industrial Group has pledged guarantees on commitments of the joint venture Iveco - Oto Melara Società Consortile for an amount of €129 million (€213 million at 31 December 2017).

25. Subsequent events

Reference should be made to the 2018 Half-year Interim report on operation.

RESPONSIBILITY STATEMENT

The Board of Directors is responsible for preparing the 2018 Half-year Financial Report, inclusive of the Half-year Condensed Consolidated Financial Statements at 30 June 2018 and the Interim Report on Operations at 30 June 2018, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34 – *Interim Financial Reporting.*

In accordance with Section 5:25d, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Half-year Condensed Consolidated Financial Statements at 30 June 2018 prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss of EXOR and its subsidiaries, and the undertakings included in the consolidation as a whole, and that the Interim Report on Operations provides a fair review of the information required pursuant to Section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act.

6 September 2018

The Board of Directors:

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

Annemiek Fentener van Vlissingen

António Horta-Osório