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results to 30 September 2018

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PRESS RELEASE

The Board of Pirelli & C. S.p.A. approves results to 30 September 2018

PIRELLI: REVENUES' ORGANIC GROWTH OF 4.4%, ADJUSTED EBIT BEFORE START-UP COSTS UP +7.5% AND NET PROFIT +90.1%

Results to 30 September 2018

- Organic revenues growth of 4.4% to 3,925.2 million euro
- Strengthening of High Value segment: +11.5% organic revenue growth, increasing to 64.5% of sales (58.1% on 30 September 2017)
- High Value volumes grew by 12.1%. Car 'New Premium' above 18 inch grew by 16.5%
- Price/mix improvement to +6.2% thanks to the growing weight of High Value and mix improvement
- Adjusted Ebit before start-up costs: +7.5% to 732.1 million euro (681.2 million on 30 September 2017), with a margin on sales for the nine months rising to 18.7% (16.9% on 30 September 2017).
- Net profit for continuing operations: +90.1% to 378.1 million euro (198.9 million on 30 September 2017)
- Net financial position at 4,038.3 million euro (4,287.7 million euro on 30 September 2017)

2018 Outlook

- Profitability targets confirmed with an Adjusted Ebit before start-up costs above 1 billion euro and Adjusted Ebit at approximately 1 billion euro
- Strengthening of High Value confirmed (about 64% of revenues, >83% of Adjusted Ebit before start-up costs); further acceleration of the reduction of the standard segment also as a consequence of the weakness in South America
- Revenues expected at ~5.2 billion euro impacted by the decline in South America; High Value volumes expected to grow by about +13%, price/mix expected at around +6.5%

As a result of the assignment in March 2017 by Pirelli & C. S.p.A. to the parent company Marco Polo International Holding Italy S.p.A., of the TP Industrial Holding S.p.A. shares, the company into which almost all of Pirelli's Industrial assets had been merged, and in continuity with the 2017 financial year, some residual activities in China and Argentina relative to the Industrial business, qualified as "discontinued operations". The results for the period for "discontinued operations" were classified to the Income Statement as a single item, "net income (loss) related to discontinued operations". The separation process for Argentina was completed in the month of June 2018, and for China is expected to be mostly completed during the course of the current financial year.

Milan, 14 November 2018 - The Board of Directors of Pirelli & C. S.p.A. today reviewed and approved results to September 30, 2018. The performance in the first nine months of the year is in line with the path to focus on *High Value* and shows growth in the main economic indicators. In particular:

- Organic revenue growth thanks to the strengthening of Pirelli in *High Value* in all geographic regions, associated with a progressive reduction of exposure to the standard segment;
- Improvement of price/mix;
- Acceleration of the efficiencies program in the third quarter and the implementation of actions to recoup costs in response to the deterioration of market trends in the standard segment, in particular in Brazil;
- A further profitability increase of 1.8 percentage points to 18.7% (Adjusted Ebit margin before start-up costs on revenues);
- Further reinforcement of partnerships with *Prestige* and *Premium* car makers;
- Expansion of *High Value* production capacity mainly in Europe and Nafta;
- Strengthening of distribution coverage in Europe, Nafta, Apac and Latam;
- The development of business programs that intercept the new needs of the end customers (such as *Cyber* and *Velo*). These are flanked by the company's digital transformation projects and the conversion of production of the Aeolus brand to the Pirelli brand in the Jiaozou Aeolus Car factory.

Sales

Revenues (euro millions)	30/09/2018	% of total	30/09/ 2017	% of total	Variation y/y	Variation y/y organic
High Value	2,529.8	64.5%	2,344.8	58.1%	+7.9%	+11.5%
Standard	1,395.4	35.5%	1,693.7	41.9%	-17.6%	-5.5%
Total	3,925.2	100%	4,038.5	100%	-2.8%	+4.4%

Revenues totaled 3,925.2 million euro, with an organic growth of 4.4% compared with September 30, 2017 thanks to the positive performance of the *High Value* segment. The overall variation in revenues was -2.8% including the forex effect and the adoption of IAS29 accounting principles to take into the account the high inflation in Argentina (for a total impact of -6.6%) and the effect of the perimeter variation resulting from the application of the new IFRS 15 accounting principle for revenues (-0.6%).

Revenue variants		30/09/ 2018
Volumes		-1.8%
	<i>Of which High Value +12.1%</i>	
	<i>Of which standard -11.2%</i>	
Price/Mix		+6.2%
Adoption of new IFRS 15 principle		-0.6%
Forex/IAS 29 Argentina		-6.6%
Total variation		-2.8%

High Value revenues posted organic growth of 11.5% to 2,529.8 million euro (+7.9% including the negative forex effect of -3.6%), accounting for 64.5% of total sales compared with 58.1% on 30 September 2017.

The **volumes of the High Value segment** saw marked growth, +12.1%, with market share improvements in all the main geographical areas. In particular, volumes of **Car New Premium tyres above or equal to 18 inches** grew by 16.5% reaching levels above the market's performance (+10.5%), thanks to strong demand in Europe, Apac and North America and the growing demand for Pirelli specialties with rim sizes ≥ 18 inches. The difference in volume growth between *High Value* and Car ≥ 18 inches is due to the lower demand for specialties in ≤ 17 inch rim sizes, included in *High Value*, in favor of bigger rim sizes, and the general slowdown of the Premium moto market (-6% to 30 September 2018, -7% in third quarter).

In the third quarter, High Value growth was confirmed to be robust (+10.1% total volumes, +13.1% in Car ≥ 18 "), notwithstanding the decline in the Original Equipment market in Europe (-2.7%) following the introduction of new CO2 emissions tests (WLTP) from September first.

Total **volumes** recorded a decline of 1.8% as a consequence on the one hand of strong High Value volumes' growth and on the other of a decline of 11.2% in standard volumes. This trend reflects the fall in demand for standard in mature markets (Europe and Nafta), the downturn of markets in emerging countries in MEAI and LatAM with a deterioration in the third quarter and Pirelli's decision to accelerate the reduction of volumes of low profitability products.

The improvement of **price/mix** (+6.2% to 30 September 2018), supported by the growing weight of High Value, the mix improvement in the Standard segment and price increases in emerging markets to counter forex volatility. The price/mix improvement in the third quarter, +5.5%, mainly reflects the non-implementation of price increases in Brazil as a consequence of the unfavorable market conditions. (Replacement market -8% in first 9 months of 2018, -17% in third quarter)

The forex performance was negative and mainly due to the volatility of emerging market currencies. These dynamics, added to the application of the IAS29 accounting principle in Argentina in consideration of its high inflation, had a negative impact of -6.6% on September 30, 2018 (-6.1% in the third quarter of 2018).

Profitability

Profitability (euro millions)	30/09/2018	% of revenues	30/09/2017	% of revenues	Variation y/y
Adjusted Ebitda before start-up costs	936.3	23.9%	865.7	21.4%	+8.2%
Adjusted Ebitda	907.7	23.1%	836.3	20.7%	+8.5%
Adjusted Ebit before start-up costs	732.1	18.7%	681.2	16.9%	+7.5%
Adjusted Ebit	700.1	17.8%	642.2	15.9%	+9.0%

Adjusted Ebitda before start-up costs on September 30, 2018 stood at 936.3 million euro, an increase of 8.2% compared with 865.7 million euro for the corresponding period in 2017.

Adjusted Ebit before start-up costs grew by 7.5% to 732.1 million euro compared with 681.2 million euro in the corresponding period of 2017. The improvement is linked to the effect of internal levers such as price/mix, efficiencies and actions on costs, which more than offset the increase in the cost of raw materials, cost inflation (in particular in emerging markets), greater amortizations and other costs linked to the development of the business, the negative effect of forex and decline in volumes mainly due to the progressive reduction of the standard segment.

The Adjusted Ebit margin before start-up costs was 18.7%, an increase from 16.9% in the same period of 2017. Over the course of the first nine months of 2018, the costs relative to new start-up programs, such as the consolidation of Jiaozou Aeolus Car where the conversion to the Pirelli brand is proceeding, the launch of new activities such as Cyber and Velo, and to projects for the digital transformation of the company totaled 32.0 million euro (39.0 million on September 30, 2017). In the third quarter, the Adjusted Ebit margin before start-up costs was 20% compared with 17.6% for the third quarter of 2017.

Adjusted Ebit came to 700.1 million euro, an increase of 9.0% compared with 642.2 million euro in the corresponding period of 2017, with a margin on sales improving by 1.9 percentage points to 17.8% compared with 15.9% on September 30, 2017.

Ebit was 591.4 million euro, an increase of 9.3% compared with 541.1 million euro on September 30, 2017.

Performance by geographic area

Revenues (euro millions)	30/09/2018	% of total 30/09/2018	% of total 30/09/2017	Variation y/y	Variation y/y organic
Europe	1,714.6	43.7%	42.1%	+1.0%	+2.8%
Nafta	753.0	19.2%	18.7%	-0.4%	+6.3%
Apac	672.3	17.1%	14.8%	+12.6%	+16.1%
Latam	499.4	12.7%	16.9%	-26.8%	-3.6%
Russia & CIS	123.7	3.2%	2.9%	+4.0%	+15.3%
Meai	162.2	4.1%	4.6%	-12.8%	-3.1%
Total	3,925.2	100%	100%	-2.8%	+4.4%

At the geographic level, **Europe** recorded on September 30, 2018 organic revenue growth of +2.8% (+1.0% including the forex effect of -0.4% and that of the adoption of the new IFRS 15 accounting principle at -1.4%) underpinned by the performance of High Value (+8.8% organic growth for the nine months). Profitability stood at the *high-teens* levels, an improvement compared with September 30, 2017 mainly as a consequence of continuing mix improvements and efficiencies.

Nafta registered organic revenue growth of +6.3% (-0.4% including the forex effect of -6.7%) thanks to the good performance of High Value (+8.3% organic growth) as a result of robust growth in the Replacement Channel, the introduction of *all season* products and greater penetration in the retail channel. Profitability stood at the *twenties* levels, an improvement compared with the preceding quarter thanks to the growing weight of *High Value* and the strengthening of the dollar.

Apac and **Nafta** recorded the highest profitability of all areas, at *twenties* levels, an improvement compared with September 30, 2017. Total revenues in the Apac area, above all thanks to the *High Value* performance increased by +12.6% compared September 30, 2017. Excluding the negative forex impact (-3.5%), revenue growth was +16.1%. *High Value* revenues grew 25.0% at the organic level thanks to greater exposure to Original Equipment, which includes new supply to and homologations with European and local brands and to the increased market share in the Replacement channel.

Latam registered an organic variation in revenues of -3.6% (-26.8% including forex impacts and the adoption of the IAS 29 accounting principle taking into account the high inflation in Argentina), as a result of the market's weakness, further reduction of exposure to the *Standard* segment and to the destination

of part of production to exports to North America in consideration of the greater demand for High Value Pirelli products. Profitability stood at *mid-single-digit* levels, a decrease compared with the first nine months of 2017. The trend discounted the already mentioned fall in volumes, the impact of the application of the IAS 29 accounting principles taking into account Argentina's inflation and the growing of raw materials made more expensive by unfavorable exchange rates. These impacts were in part offset by mix improvements, greater efficiencies and actions on cost structures in response to difficult external conditions.

The strategic focus on segments with higher profitability and the market's recovery had a positive impact on results in the first nine months in **Russia**, with a further improvement of profitability bringing it to High-teens levels (*low-teens* in the corresponding period of 2017). Revenues registered organic growth of 15.3% (+4.0% including the negative forex impact of 11.3%).

Meai posted profitability at *mid-teens* levels, a slight decline compared with the same period in 2017 mainly as a result of exchange rate variations. Revenues registered an organic variation of -3.1%, (-12.8% including the forex effect), as a consequence of the reduction of volumes in the Standard segment.

Net result and net financial position

The **result from equity investments** on September 30, 2018 was -7.8 million euro, a marked improvement compared with -18.6 million euro for the same period in 2017.

The **net result for continuing operations (Consumer)** on September 30, 2018 was 378.1 million euro, an increase of 90.1% compared with 198.9 million euro on September 30, 2017. The result reflects, beyond the improvement of the operating result and the result from shareholdings, **lower net financial charges** (138.8 million euro on September 30, 2018 compared with 289.9 million euro on September 30, 2017) thanks to refinancing actions and lower interest rates in Brazil and to the reduction of debt thanks to the capital increase by Marco Polo of about 1.2 billion euro which took place in June 2017. It should be noted that the figure for financial charges to September 30, 2017 included charges of 61.2 million euro stemming from the early termination of prior financing which was reimbursed in June 2017.

The **taxation charges** in the first nine months of 2018 amounted to 66.7 million euro against a pretax profit of 444.8 million euro, with a tax rate at 15%, in line with the tax rate expected for 2018 which can be estimated in the 15% to 18% range. Compared with the expected tax rate of 29% which was communicated with the results to June 30, 2018, this estimate principally takes into account the benefit deriving from the application of Patent Box tax breaks, following from the preliminary signing of the agreement on October 15, 2018 with the Italian taxation office, worth 54 million euro for the 3-year period 2015-2017 as well as the benefit for 2018. The CEO proposed to the Board of Directors to use the resources deriving from the Patent Box for further cost reduction actions, in line with those of 2018, which will be implemented in 2019 to continue to support the double-digit reduction of exposure to the Standard segment and the High Value strategy. The consolidated average tax rate expected for the period 2018-2020 will be in a range of 26% to 28% in line with the average consolidated tax rate relative to the arc of the 2017-2020 Industrial Plan, presented on the occasion of the IPO and then estimated at below 30%.

The **net result for discontinued operations**, which refers to residual Industrial activities, is -6.7 million euro (-75 million euro on September 30, 2017).

The **total net result** was positive for 371.4 million euro, compared with a positive of 123.9 million euro in the same period of 2017.

The **net cash flow from operations** in the first nine months of 2018 was -634.1 million euro (-391.4 million euro the seasonal negative figure in 2017). The operating cash flow was impacted by:

- investments of 296.7 million euro (327.6 million euro in the first nine months of 2017) mainly destined to the increase of High Value capacity in Europe and the Nafta area, the strategic

conversion of Standard capacity into High Value in Brazil and the constant improvement of the mix and quality in all factories;

- the variation in working capital (-1,245.1 million euro of absorption in the first nine months of 2018).

The performance of working capital in the first nine months discounts:

- an increase of inventories of finished products as a result, on the one hand, of the slowdown of the Replacement market in Latam and actions to increase the sales in the USA from Brazilian sources and, on the other, the improvement of the level of service in High Value;
- the reduction of commercial debts which continued in the third quarter;
- the growth of commercial credits, linked to the seasonality of the winter business, the receipts of which arrive in the fourth quarter.

As usual, an inversion of the working capital trend is expected in the last quarter of the year due to cash generation deriving from the receipt of commercial credits, and the simultaneous winter season sell-out, the containment of inventories thanks to the reduction of Standard production capacity, and the increase of commercial debts, also due to the usual accentuation of investments in the last quarter of the year.

The **net cashflow before extraordinary operations** was -824.4 million euro on September 30, 2018, an improvement compared with -868.9 million euro registered on September 30, 2017. The **total cash flow** was -819.8 million euro (+625.1 million euro in the same period of 2017 mainly as a result of the capital increase subscribed to by Marco Polo), and includes the positive effect in the amount of 4.6 million euro stemming from the Industrial reorganization (relative to the disposal of part of the residual Industrial assets in China and the variation of working capital relative to discontinued operations) the impact of which on September 30, 2017 was positive in the amount of 304.6 million euro.

The **net financial position** on September 30, 2018, which reflects the impact of working capital in the first nine months, was negative in the amount of 4,038.3 million euro compared with 4,287.7 million euro on September 30, 2017 and 3,218.5 million euro on December 31, 2017.

The net result attributable to the **Parent Company** was 362.5 million euro compared with 123.6 million euro for the first nine months of 2017.

2018 full year outlook

	2017	2018
Revenues	€ 5,352.3 mln	~5.2 bln (y/y)
<i>High Value weight in revenues</i>	57.5%	~64%
Adjusted Ebit before start-up costs	926.6 mln	>1.0 bln
<i>High Value weight in Ebit Adjusted before start-up costs</i>	~ 83%	>83%
<i>Start-up costs</i>	50 mln	~40 mln
Adjusted Ebit	876.4 mln	~1.0 bln
Net financial position / Adjusted Ebitda before start-up costs	2.7X	~2.35X
CapEx	489 mln	~460 mln

The forecast data for 2018 confirm the operating profitability indicated on August 7, 2018 thanks to the focus on High Value and the cost reduction plan to address the faster reduction of exposure to the Standard segment, in particular in South America.

For 2018, on the basis of the results of the first nine months, Pirelli forecasts:

- Revenues of around 5.2 billion euro compared with the prior ~5.4 billion euro mainly as a consequence of the decline in South America;
- The growth of High Value to 64% of group revenues ($\geq 60\%$ the previous indication)
- High Value volumes increasing by about +13% ($\geq 13\%$ excluding the slower growth of the segment in South America);
- Reduction of the exposure to the Standard segment with a fall in volumes of -12% (previous indication -9%) in consideration of the greater weakness of the market in South America;
- Total volumes down by 2% compared with 2017 (prior indication “flat”) as a consequence of South America

- Price/mix at around +6.5% (+6.5% /+7.5% the previous indication, revisited because of unimplemented price increases in Brazil in the third quarter which would have permitted a price/mix improvement of $\geq 7\%$);
- Forex impact -7%/-6.5% from the previous indication of -6%/-5% as a consequence of exchange rate volatility in emerging countries;
- Profitability confirmed with Adjusted Ebit before start-up costs at above 1 billion euro. The effect deriving from greater forex volatility, lower Standard volumes and the performance of the business in South America is offset by:
 - greater net efficiencies (~+20 million euro the delta between efficiencies and input costs; the prior indication was 0);
 - cost rationalization actions of around 50 million euro (previous indication 20 million euro) predominantly in South America;
 - lower impact of raw materials (-50 million euro, -60 million euro the prior indication).
- Weight of the High Value segment in Adjusted Ebit before start-up costs at above 83%;
- Start-up costs confirmed at about 40 million euro;
- Adjusted Ebit confirmed at about 1 billion euro;
- Ratio between net financial position and Adjusted Ebitda before start-up costs expected to be about 2.35X, 2.3X excluding the impact of South America);
- CapEx confirmed at around 460 million euro.

Events after September 30, 2018

On **October 9, 2018** the closing was finalized for the acquisition by Pirelli Tyre SpA of a 49% stake in the *Joint Venture* which holds, through the company Jining Shenzhou Tyre Co., a new Consumer tyre production plant in China. The investment – as already made public on **August 1, 2018** when the preliminary agreement was announced and which does not alter the targets of the Industrial Plan – was around 65 million euro. Pirelli will have the right, exercisable in the period from January 1, 2021 and December 31, 2025 to increase this stake up to 70%.

On **October 15, 2018** Pirelli signed a preliminary agreement with the Italian Tax Office for access to the tax breaks of the Patent Box, with reference to the fiscal years 2015-2019. The estimated tax benefit for the 3-year period 2015-2017 is about 54 million euro, to which the expected benefit for 2018 will be added. The CEO proposed to the Board of Directors to use the resources deriving from the Patent Box for further cost reduction actions, in line with those of 2018, which will be implemented in 2019 to continue to support the double-digit reduction of exposure to the Standard segment and the High Value strategy. The quantification of the patent box benefit relative to 2019 will be done, instead, when the results for the relative period are being prepared.

Conference call

The results to September 30, 2018 will be illustrated today, November 14, 2018, at 6:30 pm via a conference call with the participation of executive vice chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able follow the presentation by telephone, with the possibility of asking questions, by calling **+39 02 805 88 27**. The presentation will also be available through webcast – in real time – at www.pirelli.com in the “Investors” section, where it will also be possible to consult the slides.

The results for the nine months ended on September 30, 2018 will be available to the public later today at the Company’s legal headquarters, as well as being published on the Company’s internet site (www.pirelli.com) and on the eMarket Storage mechanism (www.emarketstorage.com).

The manager indicated for the preparation of the company accounting documents for Pirelli & C. S.p.A., Mr. Francesco Tanzi, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounting information contained in the present press release corresponds with the documentary, book and accounting text results.

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ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures as provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter even though not provided for by the IFRS (Non-GAAP Measures). These measures are presented in order to allow for a better assessment of the results of Group operations and should not be considered as alternatives to those required by the IFRS.

In particular, the Non-GAAP Measures used were as follows:

- **EBITDA:** is equal to the operating income (loss), (EBIT), from which the depreciation and amortization of property, plant and equipment and intangible assets are excluded;
- **EBITDA adjusted:** is an intermediate financial measure, which is derived from the gross operating margin (EBITDA) but which excludes non-recurring and restructuring expenses and, for the first nine months of 2018, the expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBITDA adjusted without start-up costs:** is equal to the EBITDA adjusted but which excludes the contribution to the gross operating margin (start-up costs) of the Cyber and Velo Businesses, the costs for the conversion of Aeolus brand Car products, and the costs sustained for the digital transformation of the Company;
- **EBIT:** is an intermediate measure, which is derived from the net income (loss) but which excludes the net income (loss) related to discontinued operations, taxes, financial income, financial expenses and the results from investments;
- **EBIT adjusted:** is an intermediate financial measure, which is derived from the operating income (loss), (EBIT), and which excludes the amortization of intangible assets relative to assets recognized as a consequence of Business Combinations, the operational costs attributable to non-recurring and restructuring expenses and, for the first nine months of 2018, the expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT adjusted without start-up costs;** is equal to the EBIT adjusted but excludes the contribution to the operating income (start-up costs) of the Cyber and Velo Businesses, the costs for the conversion of Aeolus brand Car products, and the costs sustained for the digital transformation of the Company;

Net income (loss) related to continuing operations (Consumer) adjusted: is calculated by excluding the following items from the net income (loss) from continuing operations:

- o the amortization of intangible assets related to assets recognized as a consequence of Business Combinations, operational costs due to non-recurring and restructuring expenses and, for the first nine months of 2018, the expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- o non-recurring costs/income recognized under financial income and expenses;
- o non-recurring costs/income recognized as a tax item, as well as the tax impact relative to the adjustments referred to in the previous points.
- **Fixed assets related to continuing operations:** this measure is constituted of the sum of the items *"Property, plant and equipment"*, *"Intangible assets"*, *"Investments in associates and joint ventures"* and *"Other financial assets at fair value recognized in the Statement of Comprehensive Income"*;
- **Operating working capital related to continuing operations:** this measure is constituted by the sum of *"Inventory"*, *"Trade receivables"* and *"Trade payables"*;
- **Net working capital related to continuing operations:** this measure consists of the operating working capital and other receivables and payables not included in the *"Net financial liquidity/(debt) position"*;
- **Provisions:** this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)"*, *"Employee benefit obligations (current and non-current)"* and *"Provisions for deferred taxes"*;
- **Net financial (liquidity)/debt position:** this measure is represented by the gross financial debt less cash and cash equivalents, by financial receivables, by other financial assets at fair value through income statement, as well as financial derivative instruments included under current and non-current assets.

Pirelli & C Group

<i>(In millions of euro)</i>	09/30/2018	09/30/2017	12/31/2017
Net sales	3,925.2	4,038.5	5,352.3
EBITDA adjusted without start-up costs	936.3	865.7	1,175.1
% of net sales	23.9%	21.4%	22.0%
EBITDA adjusted	907.7	836.3	1,137.7
% of net sales	23.1%	20.7%	21.3%
EBIT adjusted without start-up costs	732.1	681.2	926.6
% of net sales	18.7%	16.9%	17.3%
EBIT adjusted (°)	700.1	642.2	876.4
% of net sales	17.8%	15.9%	16.4%
EBIT	591.4	541.1	673.6
% of net sales	15.1%	13.4%	12.6%
Net income (loss) from equity investments	(7.8)	(18.6)	(6.9)
Financial income/(expenses)	(138.8)	(289.9)	(362.6)
Net income (loss) before tax	444.8	232.6	304.1
Tax expenses	(66.7)	(33.7)	(40.8)
Tax rate %	(15.0%)	(14.5%)	(13.4%)
Net income (loss) related to continuing operations (Consumer)	378.1	198.9	263.3
Earnings/(loss) per share related to continuing operations (in euro per share)	0.37	0.23	0.31
Net income (loss) related to continuing operations (Consumer) adjusted	403.5	257.5	386.8
Net income (loss) related to discontinued operations (Industrial)	(6.7)	(75.0)	(87.6)
Total net income (loss)	371.4	123.9	175.7
Net income attributable to the Parent Company	362.5	123.6	176.4
Fixed assets related to continuing operations	8,880.6	9,147.4	9,121.0
Inventories	1,048.9	969.3	940.7
Trade receivables	967.7	1,037.4	652.5
Trade payables	(1,005.0)	(1,066.9)	(1,673.6)
Operating working capital related to continuing operations	1,011.6	939.8	(80.4)
% of net sales (°°)	19.3%	17.5%	(1.5%)
Other receivables/other payables	98.7	147.0	(42.2)
Net working capital related to continuing operations	1,110.3	1,086.8	(122.6)
% of net sales (°°)	21.2%	20.2%	(2.3%)
Net invested capital held for sale	11.4	(1.4)	60.7
Net invested capital	10,002.3	10,232.8	9,059.1
Equity	4,464.8	4,159.6	4,177.0
Provisions	1,499.2	1,785.5	1,663.6
Net financial (liquidity)/debt position	4,038.3	4,287.7	3,218.5
Equity attributable to the Parent Company	4,383.6	4,104.0	4,116.7
Investments in property, plant and equipment and intangible assets	296.7	327.6	489.4
Research and development expenses	166.6	164.7	221.5
% of net sales	4.2%	4.1%	4.1%
Research and development expenses - High Value	152.4	147.0	199.9
% on sales High Value	6.0%	6.3%	6.5%
Employees (headcount at end of period)	31,902	31,106	30,189
Industrial sites (number)	19	19	19

(°) Adjustments refer to amortization of intangible assets identified during PPA amounting to 86.0 millions of euro (euro 80.9 millions in the same period of 2017 and euro 109.6 millions in 2017), non recurring and restructuring expenses amounting to euro 11.7 millions (euro 20.2 millions in the same period of 2017 and euro 93.2 millions in 2017) and expenses relating to the retention plan approved by the Board of Directors on February 26, 2018 amounting to euro 11.0 millions.

(°°) in interim periods net sales are calculated on an annual basis

Cashflow statement

(In millions of euro)	2018			Cumulative at 09/30	
	1 Q	2 Q	3 Q	2018	2017
EBIT adjusted	218.4	231.7	250.0	700.1	642.2
Amortisation and depreciation (excluding PPA amortization)	69.7	68.1	69.8	207.6	194.1
Investments in property, plant and equipment and intangible assets	(85.3)	(93.9)	(117.5)	(296.7)	(327.6)
Change in working capital/other	(928.8)	(68.9)	(247.4)	(1,245.1)	(900.1)
Operating net cash flow	(726.0)	137.0	(45.1)	(634.1)	(391.4)
Financial income/(expenses)	(55.2)	(62.8)	(20.8)	(138.8)	(289.9)
Taxes paid	(31.1)	(36.2)	(33.8)	(101.1)	(116.9)
Financial (investments) / disinvestments	155.0	0.2	0.0	155.2	(2.5)
Acquisition of minorities	(18.5)	-	-	(18.5)	(15.4)
Cash Out for non-recurring and restructuring expenses	(38.2)	(11.9)	(4.6)	(54.7)	(23.3)
Other dividend paid	-	-	(8.4)	(8.4)	(12.9)
Liquidation Drahtcord Saar	-	-	-	-	5.50
Differences from foreign currency translation/other	(11.7)	6.4	(18.7)	(24.0)	(11.1)
Net cash flow before extraordinary transactions	(725.7)	32.7	(131.4)	(824.4)	(868.9)
Industrial reorganization	5.3	(10.3)	9.6	4.6	304.6
Share capital increase subscribed by Marco Polo	-	-	-	0.0	1,189.4
Net cash flow	(720.4)	22.4	(121.8)	(819.8)	625.1

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