Semi-Annual Report

As of and for the three and six months ended June 30, 2019

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CERTAIN DEFINED TERMS

In this Semi-Annual Report, unless otherwise specified, the terms “we”, “our”, “us”, the “Group”, the “Company” and “FCA” refer to Fiat Chrysler Automobiles N.V., together with its subsidiaries or any one or more of them, as the context may require. References in this Semi-Annual Report to “FCA N.V.” refer solely to Fiat Chrysler Automobiles N.V. References to “FCA US” refer to FCA US LLC, together with its direct and indirect subsidiaries.

All references in this Semi-Annual Report to “Euro” and “€” refer to the currency issued by the European Central Bank. The Group’s financial information is presented in Euro. All references to “U.S. Dollars”, “U.S. Dollar”, “U.S.$” and “$” refer to the currency of the United States of America (“U.S.”).

Forward-Looking Statements

Statements contained in this Semi-Annual Report, particularly those regarding possible or assumed future performance, competitive strengths, costs, dividends, reserves and growth of FCA, industry growth and other trends and projections and estimated company earnings are “forward-looking statements” that contain risks and uncertainties. In some cases, words such as “may”, “will”, “expect”, “could”, “should”, “intend”, “estimate”, “anticipate”, “believe”, “remain”, “on track”, “design”, “target”, “objective”, “goal”, “forecast”, “projection”, “outlook”, “prospects”, “plan”, or similar terms are used to identify forward-looking statements. These forward-looking statements reflect the respective current views of the Group with respect to future events and involve significant risks and uncertainties that could cause actual results to differ materially.

These factors include, without limitation:

- our ability to launch products successfully and to maintain vehicle shipment volumes;
- changes in the global financial markets, general economic environment and changes in demand for automotive products, which is subject to cyclicality;
- changes in local economic and political conditions, changes in trade policy and the imposition of global and regional tariffs or tariffs targeted to the automotive industry, the enactment of tax reforms or other changes in tax laws and regulations;
- our ability to expand certain of our brands globally;
- our ability to offer innovative, attractive products;
- our ability to develop, manufacture and sell vehicles with advanced features, including enhanced electrification, connectivity and autonomous-driving characteristics;
- various types of claims, lawsuits, governmental investigations and other contingencies affecting us, including product liability and warranty claims and environmental claims, investigations and lawsuits;
- material operating expenditures in relation to compliance with environmental, health and safety regulations;
- the intense level of competition in the automotive industry, which may increase due to consolidation;
- exposure to shortfalls in the funding of our defined benefit pension plans;
- our ability to provide or arrange for access to adequate financing for our dealers and retail customers and associated risks related to the establishment and operations of financial services companies, including capital required to be deployed to financial services;
- our ability to access funding to execute our business plan and improve our business, financial condition and results of operations;

- a significant malfunction, disruption or security breach compromising our information technology systems or the electronic control systems contained in our vehicles;
- our ability to realize anticipated benefits from joint venture arrangements;
- our ability to successfully implement and execute strategic initiatives and transactions, including our plans to separate certain businesses;
- disruptions arising from political, social and economic instability;
- risks associated with our relationships with employees, dealers and suppliers;
- increases in costs, disruptions of supply or shortages of raw materials;
- developments in labor and industrial relations and developments in applicable labor laws;
- exchange rate fluctuations, interest rate changes, credit risk and other market risks;
- political and civil unrest;
- earthquakes or other disasters; and
- other factors discussed elsewhere in this Semi-Annual Report.

Furthermore, in light of the inherent difficulty in forecasting future results, any estimates or forecasts of particular periods that are provided in this Semi-Annual Report are uncertain. We expressly disclaim and do not assume any liability in connection with any inaccuracies in any of the forward-looking statements in this Semi-Annual Report or in connection with any use by any third party of such forward-looking statements. Actual results could differ materially from those anticipated in such forward-looking statements. We do not undertake an obligation to update or revise publicly any forward-looking statements.

Additional factors which could cause actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section — *Risks and Uncertainties* of this Semi-Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights - from continuing operations

Our former Magneti Marelli business was classified as a discontinued operation for the three and six months ended June 30, 2019 up to the completion of the sale transaction on May 2, 2019 and for the three and six months ended June 30, 2018. Refer to Note 2, *Scope of consolidation* in our Semi-Annual Condensed Consolidated Financial Statements elsewhere in this Semi-Annual Report for additional information. Unless otherwise stated, all figures below exclude results from discontinued operations:

Three months ended June 30			Six months ended June 30	
2019	2018	(€ million, except shipments, which are in thousands of units, and per share amounts)	2019	2018
1,157	1,301	Combined shipments[1]	2,194	2,505
1,128	1,250	Consolidated shipments[2]	2,128	2,401
26,741	27,611	Net revenues	51,222	53,344
1,527	1,534	Adjusted EBIT[3]	2,594	3,035
793	694	Net profit from continuing operations	1,301	1,645
928	909	Adjusted net profit[4]	1,498	1,872
3,859	60	Profit from discontinued operations, net of tax[5]	3,970	130
4,652	754	Net profit (including discontinued operations)	5,271	1,775
		Earnings per share - including discontinued operations[6]		
2.97	0.48	Basic earnings per share (€)	3.37	1.14
2.96	0.48	Diluted earnings per share (€)	3.35	1.13
		Earnings per share from continuing operations[6]		
0.50	0.45	Basic earnings per share (€)	0.83	1.06
0.50	0.44	Diluted earnings per share (€)	0.83	1.05
0.59	0.58	Adjusted diluted earnings per share[7]	0.96	1.19
		Dividends paid, per share		
0.65	—	Ordinary dividends paid, per share (€)	0.65	—
1.30	—	Extraordinary dividends paid, per share (€)	1.30	—

	Six months ended June 30	
(€ million)	2019	2018
Cash flows from operating activities	€ 3,751	€ 5,184
Of which: Cash flows from continuing operations[8]	*4,059*	*4,822*
Of which: Cash flows (used in)/from discontinued operations[8]	*(308)*	*362*
Industrial free cash flows[9]	484	2,509

(1) Combined shipments include shipments by the Group's consolidated subsidiaries and unconsolidated joint ventures.
(2) Consolidated shipments only include shipments by the Group's consolidated subsidiaries.
(3) Refer to sections — Non-GAAP Financial Measures, Group Results and Results by Segment in this Semi-Annual Report for further discussion.
(4) Refer to sections — Non-GAAP Financial Measures and Group Results in this Semi-Annual Report for further discussion.
(5) Profit from discontinued operations, net of tax for the three and six months ended June 30, 2019 includes the €3,811 million gain on disposal of Magneti Marelli and related tax expense of €2 million.
(6) Refer to Note 18, Earnings per share, in the Semi-Annual Condensed Consolidated Financial Statements included in this Semi-Annual Report.
(7) Refer to sections - Non-GAAP Financial Measures and Group Results in this Semi-Annual Report for further discussion.
(8) Includes only cash flows relating to third parties and excluding intercompany of €(200) million and €150 million for the six months ended June 30, 2019 and 2018 respectively.
(9) Amounts exclude discontinued operations. Refer to section — Non-GAAP Financial Measures and Liquidity and Capital Resources in this Semi-Annual Report for further discussion.

Non-GAAP Financial Measures

We monitor our operations through the use of several non-generally accepted accounting principles ("non-GAAP") financial measures: Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT"), Adjusted net profit, Adjusted diluted earnings per share ("Adjusted diluted EPS"), Industrial free cash flows and certain information provided on a constant exchange rate ("CER") basis. We believe that these non-GAAP financial measures provide useful and relevant information regarding our operating results and enhance the overall ability to assess our financial performance. They provide us with comparable measures which facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. These and similar measures are widely used in the industry in which we operate, however, these financial measures may not be comparable to other similarly titled measures of other companies and are not intended to be substitutes for measures of financial performance as prepared in accordance with IFRS as issued by the IASB as well as IFRS adopted by the European Union.

Adjusted EBIT: excludes certain adjustments from Net profit from continuing operations, 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 expense/(benefit).

Adjusted EBIT is used for internal reporting to assess performance and as part of the Group's forecasting, budgeting and decision making processes as it provides additional transparency to the Group's core operations. We believe this non-GAAP measure is useful because it excludes items that we do not believe are indicative of the Group's ongoing operating performance and allows management to view operating trends, perform analytical comparisons and benchmark performance between periods and among our segments. We also believe that Adjusted EBIT is useful for analysts and investors to understand how management assesses the Group's ongoing operating performance on a consistent basis. In addition, Adjusted EBIT is one of the metrics used in the determination of the annual performance bonus and the achievement of certain performance objectives established under the terms of the 2019-2021 equity incentive plan for the Chief Executive Officer of the Group and other eligible employees, including members of the Group Executive Council.

Refer to the sections *Group Results* and *Results by Segment* below for further discussion and for a reconciliation of this non-GAAP measure to Net profit from continuing operations, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Income Statement. Adjusted EBIT should not be considered as a substitute for Net profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

Adjusted net profit: is calculated as Net profit from continuing operations excluding post-tax impacts of the same items excluded from Adjusted EBIT, as well as financial income/(expenses) and tax income/(expenses) considered rare or discrete events that are infrequent in nature.

We believe this non-GAAP measure is useful because it also excludes items that we do not believe are indicative of the Group's ongoing operating performance and provides investors with a more meaningful comparison of the Group's ongoing operating performance. In addition, Adjusted net profit is one of the metrics used in the determination of the annual performance bonus and the achievement of certain performance objectives established under the terms of the 2014-2018 equity incentive plan for the Chief Executive Officer of the Group and other eligible employees, including members of the Group Executive Council.

Refer to the section *Group Results* below for further discussion and for a reconciliation of this non-GAAP measure to Net profit from continuing operations, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Income Statement. Adjusted net profit should not be considered as a substitute for Net profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

Adjusted diluted EPS: is calculated by adjusting Diluted earnings per share from continuing operations for the impact per share of the same items excluded from Adjusted net profit.

We believe this non-GAAP measure is useful because it also excludes items that we do not believe are indicative of the Group's ongoing operating performance and provides investors with a more meaningful comparison of the Group's ongoing quality of earnings.

Refer to the section *Group Results* below for a reconciliation of this non-GAAP measure to Diluted earnings per share from continuing operations, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Financial Statements. Adjusted diluted EPS should not be considered as a substitute for Basic earnings per share, Diluted earnings per share from continuing operations or other methods of analyzing our quality of earnings as reported under IFRS.

Industrial free cash flows: is our key cash flow metric and is calculated as Cash flows from operating activities less: cash flows from operating activities from discontinued operations; cash flows from operating activities related to financial services, net of eliminations; investments in property, plant and equipment and intangible assets for industrial activities; adjusted for net intercompany payments between continuing operations and discontinued operations; and adjusted for discretionary pension contributions in excess of those required by the pension plans, net of tax. The timing of Industrial free cash flows may be affected by the timing of monetization of receivables and the payment of accounts payable, as well as changes in other components of working capital, which can vary from period to period due to, among other things, cash management initiatives and other factors, some of which may be outside of the Group's control.

Refer to *Liquidity and Capital Resources —Industrial free cash flows* for further information and the reconciliation of this non-GAAP measure to Cash flows from operating activities, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Statement of Cash Flows. Industrial free cash flows should not be considered as a substitute for Net profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

Constant Currency Information: the discussion within section *Group Results* includes information about our results at CER, 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 (see Note 1, *Basis of Preparation*, within the Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this report for the exchange rates applied). Although we do not believe that this non-GAAP measure is a substitute for GAAP measures, we believe that results excluding the effect of currency fluctuations provide additional useful information to investors regarding the operating performance and trends in our business on a local currency basis.

Group Results

The following is a discussion of the Group's results of operations for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018.

Three months ended June 30			Six months ended June 30	
2019	2018	(€ million)	2019	2018
€ 26,741	€ 27,611	Net revenues	€ 51,222	€ 53,344
23,089	23,841	Cost of revenues	44,270	45,844
1,573	1,741	Selling, general and other costs	3,090	3,317
782	761	Research and development costs	1,455	1,544
58	69	Result from investments	116	151
7	—	Gains on disposal of investments	7	—
(8)	1	Restructuring costs	196	2
260	265	Net financial expenses	504	552
1,110	**1,071**	**Profit before taxes**	**1,830**	**2,236**
317	377	Tax expense	529	591
793	**694**	**Net profit from continuing operations**	**1,301**	**1,645**
3,859	60	Profit from discontinued operations, net of tax	3,970	130
€ 4,652	**€ 754**	**Net profit**	**€ 5,271**	**€ 1,775**
		Net profit attributable to:		
€ 4,650	€ 748	Owners of the parent	€ 5,265	€ 1,764
€ 2	€ 6	Non-controlling interests	€ 6	€ 11
		Net profit from continuing operations attributable to:		
€ 788	€ 693	Owners of the parent	€ 1,297	€ 1,643
€ 5	€ 1	Non-controlling interests	€ 4	€ 2
		Net profit from discontinued operations attributable to:		
€ 3,862	€ 55	Owners of the parent	€ 3,968	€ 121
€ (3)	€ 5	Non-controlling interests	€ 2	€ 9

Net revenues

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER	(€ million)	2019	2018	% Actual	% CER
€ 26,741	€ 27,611	(3.2)%	(6.5)%	Net revenues	€ 51,222	€ 53,344	(4.0)%	(7.7)%

See — *Results by Segment* below for a discussion of Net revenues for each of our five reportable segments (North America, LATAM, APAC, EMEA and Maserati). During the three months ended March 31, 2019, our previously reported "NAFTA" segment was renamed "North America" (refer to Note 19, *Segment reporting* for additional information).

Cost of revenues

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018		(€ million)	Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
€ 23,089	€ 23,841	(3.2)%	(6.4)%	Cost of revenues	€ 44,270	€ 45,844	(3.4)%	(7.2)%
86.3%	86.3%			Cost of revenues as % of Net revenues	86.4%	85.9%		

The decrease in Cost of revenues during the three and six months ended June 30, 2019 compared to the corresponding period in 2018 was primarily related to (i) volume decreases in North America, EMEA and Maserati, which were partially offset by (ii) increases resulting from foreign currency translation effects, and (iii) mix, product costs and enhancements on recently launched vehicles in North America.

Included within *Cost of revenues* for the three and six months ended June 30, 2019 were amounts of €(24) million and €146 million, respectively, which represent the accrual of regulatory expenses and the utilization of regulatory credits, primarily in North America and EMEA. The amounts for the three and six months ended June 30, 2019 include a benefit in North America as a result of the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods. Included within *Cost of revenues* for the three and six months ended June 30, 2018 were amounts of €100 million and €182 million, respectively, which represent the accrual of regulatory expenses and the utilization of regulatory credits, primarily in North America.

Cost of revenues also includes significant costs that contribute to regulatory compliance but which are not separately quantifiable as they are elements within broader initiatives, such as technology deployment in terms of powertrain upgrades and alternative powertrains, along with actions to improve vehicle demand energy. For further detail, refer to *"Environmental and Other Regulatory Matters - Automotive Fuel Economy and Greenhouse Gas Emissions"* within our 2018 Annual Report.

Selling, general and other costs

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018		(€ million)	Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
€ 1,573	€ 1,741	(9.6)%	(12.1)%	Selling, general and other costs	€ 3,090	€ 3,317	(6.8)%	(9.6)%
5.9%	6.3%			Selling, general and other costs as % of Net revenues	6.0%	6.2%		

Selling, general and other costs includes advertising, personnel and other costs. Advertising costs accounted for 47.7 percent and 45.9 percent of total Selling, general and other costs for the three months ended June 30, 2019 and 2018, respectively, and 47.5 percent and 46.7 percent for the six months ended June 30, 2019 and 2018, respectively.

The decrease in Selling, general and other costs during the three and six months ended June 30, 2019 compared to the corresponding period in 2018 was primarily due to (i) lower advertising expenses in North America, EMEA and LATAM, in addition to cost containment actions, as well as (ii) the non-repeat of the €78 million charge arising on settlement of a portion of a supplemental retirement plan in North America in the three months ended June 30, 2018.

Research and development costs

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018		(€ million)	Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
€ 322	€ 339	(5.0)%	(8.6)%	Research and development expenditures expensed	€ 632	€ 740	(14.6)%	(18.5)%
349	356	(2.0)%	(4.5)%	Amortization of capitalized development expenditures	696	738	(5.7)%	(8.1)%
111	66	68.2 %	63.6 %	Impairment and write-off of capitalized development expenditures	127	66	92.4 %	86.4 %
€ 782	**€ 761**	**2.8 %**	**(0.4)%**	**Total Research and development costs**	**€ 1,455**	**€ 1,544**	**(5.8)%**	**(9.1)%**

Three months ended June 30			Six months ended June 30	
2019	2018		2019	2018
1.2 %	1.2 %	Research and development expenditures expensed as % of Net revenues	1.2 %	1.4 %
1.3 %	1.3 %	Amortization of capitalized development expenditures as % of Net revenues	1.4 %	1.4 %
0.4 %	0.2 %	Impairment and write-off of capitalized development expenditures as % of Net revenues	0.2 %	0.1 %
2.9%	**2.8%**	**Total Research and development cost as % of Net revenues**	**2.8%**	**2.9%**

Total Research and development costs in the three and six months ended June 30, 2019 as compared to the same periods in 2018 included the impact of higher impairment charges of previously capitalized development expenditures, primarily in North America and Maserati.

Research and development expenditures expensed decreased in the three and six months ended June 30, 2019 as compared to the same periods in 2018 due to the higher capitalization of costs, consistent with the progress in the stage of development of models in North America, primarily the Jeep brand. Amortization of capitalized development costs decreased in the three and six months ended June 30, 2019 as compared to the same periods in 2018 due to lower amortization expense related to the cycle of the current product range.

Total research and development expenditures during the three and six months ended June 30, 2019 and 2018 were as follows:

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018	(€ million)	Six months ended June 30		Increase/(Decrease) 2019 vs. 2018
2019	2018			2019	2018	
€ 644	€ 486	32.5 %	Capitalized development expenditures	€ 1,249	€ 906	37.9 %
322	339	(5.0)%	Research and development expenditures expensed	632	740	(14.6)%
€ 966	**€ 825**	**17.1 %**	**Total Research and development expenditures**	**€ 1,881**	**€ 1,646**	**14.3 %**
66.7%	58.9%		Capitalized development expenditures as % of Total Research and development expenditures	66.4%	55.0%	
3.6%	**3.0%**		**Total Research and development expenditures as % of Net revenues**	**3.7%**	**3.1%**	

The increase in total Research and development expenditures during the three and six months ended June 30, 2019 compared to the corresponding periods in 2018 reflects the efforts in the continued renewal and enrichment of our product portfolio in line with the Business Plan.

Net financial expenses

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ million)	2019	2018	2019 vs. 2018
€ 260	€ 265	(1.9)%	Net financial expenses	€ 504	€ 552	(8.7)%

The decrease in Net financial expenses during the three and six months ended June 30, 2019 compared to the corresponding periods in 2018 was primarily due to the reduction in gross debt, partially offset by the increase in interest on lease liabilities due to the adoption of IFRS 16 - Leases (refer to Note 1, *Basis of preparation*, within our Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this Semi-Annual Report).

Tax expense

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ million)	2019	2018	2019 vs. 2018
€ 317	€ 377	(15.9)%	Tax expense	€ 529	€ 591	(10.5)%
29%	35%		Effective tax rate	29%	26%	

The decrease in the effective tax rate during the three months ended June 30, 2019, compared to the corresponding period in 2018, primarily related to adjustments to deferred tax liabilities.

The increase in the effective tax rate during the six months ended June 30, 2019, compared to the corresponding period in 2018, primarily related to non-recurring U.S. tax benefits and an increase in unrecognized tax losses, partly offset by adjustments to deferred tax liabilities.

Net profit from continuing operations

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ million)	2019	2018	2019 vs. 2018
€ 793	€ 694	14.3%	Net profit from continuing operations	€ 1,301	€ 1,645	(20.9)%

The increase in Net profit from continuing operations during the three months ended June 30, 2019, compared to the corresponding period in 2018 was primarily due to (i) improved operating performance in North America and APAC, and (ii) lower tax and non-recurring expenses, partially offset by (iii) lower operating performance in EMEA and Maserati.

The decrease in Net profit from continuing operations during the six months ended June 30, 2019, compared to the corresponding period in 2018 was primarily due to (i) lower operating performance in EMEA and Maserati, partially offset by (ii) lower financial expenses, and (iii) lower tax expense.

Profit from discontinued operations, net of tax

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ million)	2019	2018	2019 vs. 2018
€ 3,859	€ 60	n.m.	Profit from discontinued operations, net of tax	€ 3,970	€ 130	n.m.

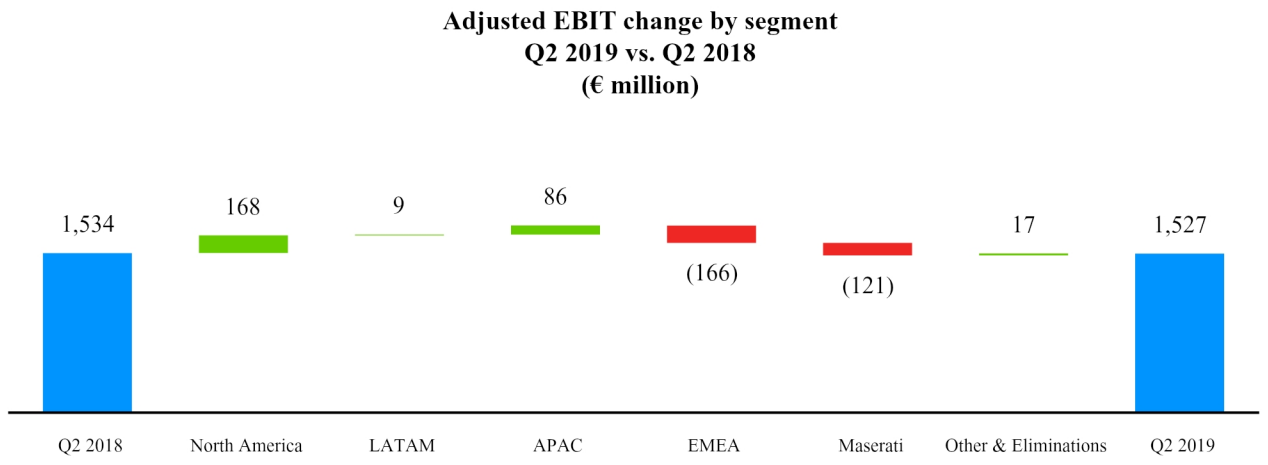
n.m. = number not meaningful

Magneti Marelli, including the gain on sale of €3,811 million and related tax expense of €2 million, is presented as a discontinued operation in the Semi-Annual Condensed Consolidated Financial Statements for the three and six months ended June 30, 2019 and 2018. For more information, refer to Note 2, *Scope of consolidation*, within our Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this Semi-Annual Report.

Adjusted EBIT

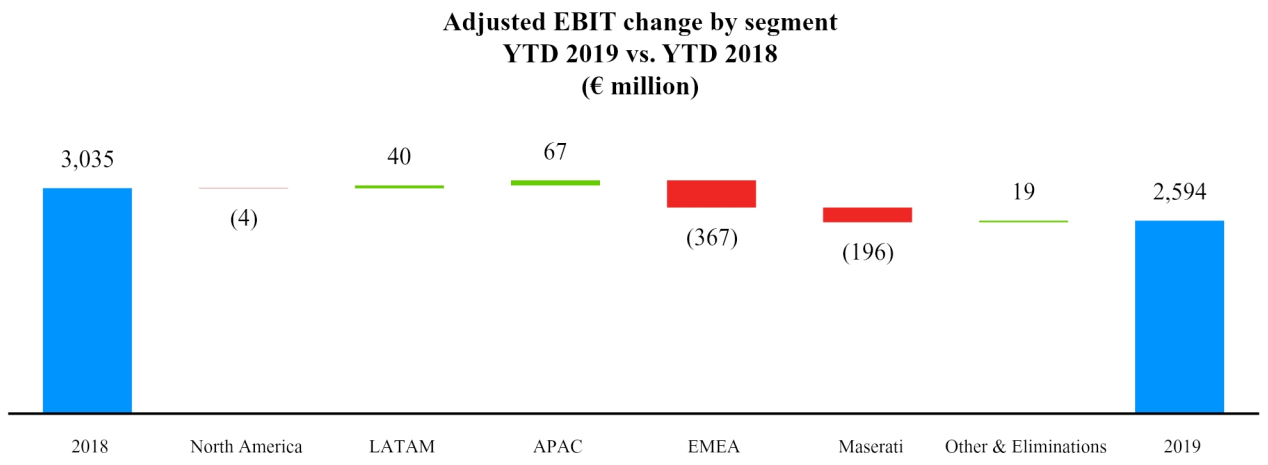
Three months ended June 30		Increase/(Decrease) 2019 vs. 2018		(€ million)	Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
€ 1,527	€ 1,534	(0.5)%	(5.0)%	Adjusted EBIT	€ 2,594	€ 3,035	(14.5)%	(18.6)%
5.7%	5.6%	+10 bps		Adjusted EBIT margin (%)	5.1%	5.7%	-60 bps	

The following chart presents the change in Adjusted EBIT by segment for the three months ended June 30, 2019 compared to the corresponding period in 2018.



For the three months ended June 30, 2019 and 2018, the Adjusted EBIT related to Magneti Marelli that was excluded from the Group's Adjusted EBIT result was €72 million and €121 million, respectively. Refer to Note 2, *Scope of consolidation* in our Semi-Annual Condensed Consolidated Financial Statements elsewhere in this Semi-Annual Report for additional information regarding the classification of Magneti Marelli as a discontinued operation.

The following chart presents the change in Adjusted EBIT by segment for the six months ended June 30, 2019 compared to the corresponding period in 2018.



For the six months ended June 30, 2019 and 2018, the Adjusted EBIT related to Magneti Marelli that was excluded from the Group's Adjusted EBIT result was €218 million and €231 million, respectively. Refer to Note 2, *Scope of consolidation* in our Semi-Annual Condensed Consolidated Financial Statements elsewhere in this Semi-Annual Report for additional information regarding the classification of Magneti Marelli as a discontinued operation.

Refer to — *Results by Segment* below for a discussion of Adjusted EBIT for each of our five reportable segments (North America, LATAM, APAC, EMEA and Maserati).

The following table is the reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in the Semi-Annual Condensed Consolidated Income Statement, to Adjusted EBIT:

Three months ended June 30			Six months ended June 30	
2019	2018	(€ million)	2019	2018
€ 793	**€ 694**	**Net profit from continuing operations**	**€ 1,301**	**€ 1,645**
317	377	Tax expense	529	591
260	265	Net financial expenses	504	552
		Adjustments:		
(8)	1	Restructuring costs, net of reversals	196	2
113	164	Impairment expense and supplier obligations	155	164
—	—	U.S. special bonus payment	—	111
—	78	Employee benefits settlement losses	—	78
—	(43)	Recovery of costs for recall - airbag inflators	—	(43)
—	—	Recovery of costs for recall - contested with supplier	—	(63)
(7)	—	Gains on disposal of investments	(7)	—
—	—	Brazilian indirect tax - reversal of liability/ recognition of credits	(164)	—
59	(2)	Other	80	(2)
157	198	Total Adjustments	260	247
€ 1,527	**€ 1,534**	**Adjusted EBIT**	**€ 2,594**	**€ 3,035**

During the three months ended June 30, 2019, Adjusted EBIT excluded adjustments primarily related to:

- €113 million of impairment expense, primarily in Maserati and North America; and
- €59 million of Other costs, primarily relating to litigation proceedings. Refer to Note 16, *Guarantees granted, commitments and contingent liabilities* in the Semi-Annual Condensed Consolidation Financial Statements included elsewhere in this report for further details.

During the six months ended June 30, 2019, Adjusted EBIT excluded adjustments primarily related to:

- €196 million of restructuring costs, primarily related to LATAM, EMEA and North America, of which €76 million related to the write-down of Property, plant and equipment and €120 million related to the recognition of provisions for restructuring. (Refer to Note 11, *Provisions,* in the Semi-Annual Condensed Consolidation Financial Statements included elsewhere in this report);
- €155 million relating to impairment expense of €87 million in North America, €62 million in Maserati and supplier obligations of €6 million in EMEA; and
- €164 million of gains in relation to the recognition of credits for amounts paid in prior years in relation to indirect taxes in Brazil (refer to Note 7, *Trade and other receivables*, in the Semi-Annual Condensed Consolidation Financial Statements included elsewhere in this report).

During the three months ended June 30, 2018, Adjusted EBIT excluded adjustments primarily related to:

- €164 million relating to impairment expense of €109 million, primarily in EMEA and APAC and supplier obligations of €55 million resulting from changes in product plans in connection with the updated business plan;
- €78 million charge arising on settlement of a portion of a supplemental retirement plan in North America;
- €43 million gain from the recovery of amounts accrued in 2016 in relation to costs for recall campaigns related to Takata airbag inflators;

During the six months ended June 30, 2018, in addition to the items above, Adjusted EBIT excluded adjustments primarily related to:

- €111 million charge in relation to a special bonus payment, announced on January 11, 2018, to approximately 60,000 hourly and salaried employees in the United States, excluding senior management, as a result of the Tax Cuts and Jobs Act; and
- €63 million gain from the partial recovery of amounts accrued in 2016 in relation to costs for a recall which were contested with a supplier.

Adjusted net profit

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ million)	2019	2018	2019 vs. 2018
€ 928	€ 909	2.1%	Adjusted net profit	€ 1,498	€ 1,872	(20.0)%

The following table summarizes the reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in the Semi-Annual Condensed Consolidated Income Statement, to Adjusted net profit:

Three months ended June 30			Six months ended June 30	
2019	2018	(€ million)	2019	2018
€ 793	**€ 694**	**Net profit from continuing operations**	**€ 1,301**	**€ 1,645**
157	198	Adjustments (as above)	260	247
(22)	17	Tax impact on adjustments	(63)	6
—	—	Impact of U.S. tax reform	—	(26)
135	215	Total adjustments, net of taxes	197	227
€ 928	**€ 909**	**Adjusted net profit**	**€ 1,498**	**€ 1,872**

During the three and six months ended June 30, 2019, Adjusted net profit excluded adjustments related to:

- €22 million and €63 million gain reflecting the tax impact on the items excluded from Adjusted EBIT above, respectively.

During the three months ended June 30, 2018, Adjusted net profit excluded adjustments related to:

- €17 million charge reflecting the tax impact on the items excluded from Adjusted EBIT above.

During the six months ended June 30, 2018, Adjusted net profit excluded adjustments related to:

- €26 million gain relating to the impact of December 2017 U.S. tax reform; and
- €6 million charge reflecting the tax impact on the items excluded from Adjusted EBIT above.

Adjusted diluted earnings per share

Three months ended June 30		Increase/(Decrease)		Six months ended June 30		Increase/(Decrease)
2019	2018	2019 vs. 2018	(€ per share)	2019	2018	2019 vs. 2018
€ 0.59	€ 0.58	1.7%	Adjusted diluted earnings per share	€ 0.96	€ 1.19	(19.3)%

The following table summarizes the reconciliation of Diluted earnings per share from continuing operations, which is the most directly comparable measure included in the Semi-Annual Condensed Consolidated Financial Statements, to Adjusted diluted earnings per share:

Three months ended June 30			Six months ended June 30	
2019	2018	(€ per share except otherwise noted)	2019	2018
€ 0.50	**€ 0.44**	**Diluted earnings per share from continuing operations**	**€ 0.83**	**€ 1.05**
0.09	0.14	Impact of adjustments above, net of taxes, on Diluted earnings per share from continuing operations	0.13	0.14
€ 0.59	**€ 0.58**	**Adjusted diluted earnings per share**	**€ 0.96**	**€ 1.19**
1,570,180	1,568,497	Weighted average number of shares outstanding for Diluted earnings per share from continuing operations (thousand)	1,570,303	1,567,360

Results by Segment

(€ million, except shipments which are in thousands of units)	Net revenues		Adjusted EBIT		Consolidated Shipments	
	Three months ended June 30					
	2019	2018	2019	2018	2019	2018
North America	€ 17,639	€ 17,539	€ 1,565	€ 1,397	596	676
LATAM	2,050	2,106	110	101	148	150
APAC	762	652	(12)	(98)	22	20
EMEA	5,564	6,330	22	188	357	396
Maserati[1]	343	568	(119)	2	5	8
Other activities	782	564	(42)	(43)	—	—
Unallocated items & eliminations[2]	(399)	(148)	3	(13)	—	—
Total	**€ 26,741**	**€ 27,611**	**€ 1,527**	**€ 1,534**	**1,128**	**1,250**

(€ million, except shipments which are in thousands of units)	Net revenues		Adjusted EBIT		Consolidated Shipments	
	Six months ended June 30					
	2019	2018	2019	2018	2019	2018
North America	€ 33,696	€ 33,952	€ 2,609	€ 2,613	1,152	1,322
LATAM	3,982	3,996	215	175	268	282
APAC	1,354	1,271	(21)	(88)	39	39
EMEA	10,634	11,970	3	370	659	741
Maserati	814	1,322	(108)	88	10	17
Other activities	1,453	1,292	(92)	(85)	—	—
Unallocated items & eliminations[2]	(711)	(459)	(12)	(38)	—	—
Total	**€ 51,222**	**€ 53,344**	**€ 2,594**	**€ 3,035**	**2,128**	**2,401**

(1) Maserati shipments for the three months ended June 30, 2019 reflect the impact of rounding of one thousand units.
(2) Primarily includes intercompany transactions which are eliminated on consolidation

The following is a discussion of Net revenues, Adjusted EBIT and shipments for each of our five reportable segments for the three and six months ended June 30, 2019 as compared to the three and six months ended June 30, 2018. We review changes in our results of operations with the following operational drivers:

- **Volume**: reflects changes in products sold to our customers, primarily dealers and fleet customers. Change in volume is driven by industry volume, market share and changes in dealer stock levels. Vehicles manufactured and distributed by our unconsolidated joint ventures are not included within volume;
- **Mix**: generally reflects the changes in product mix, including mix among vehicle brands and models, as well as changes in regional market and distribution channel mix, including mix between retail and fleet customers;
- **Net price**: primarily reflects changes in prices to our customers including higher pricing related to content enhancement, net of discounts, price rebates and other sales incentive programs, as well as related foreign currency transaction effects;
- **Industrial costs**: primarily include cost changes to manufacturing and purchasing of materials that are associated with content and enhancement of vehicle features, as well as industrial efficiencies and inefficiencies, recall campaign and warranty costs, depreciation and amortization, research and development costs and related foreign currency transaction effects;
- **Selling, general and administrative costs ("SG&A")**: primarily include costs for advertising and promotional activities, purchased services, information technology costs and other costs not directly related to the development and manufacturing of our products; and
- **Other**: includes other items not mentioned above, such as foreign currency exchange translation and results from joint ventures and associates.

North America

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
596	676	(11.8)%	—	Shipments (thousands of units)	1,152	1,322	(12.9)%	—
€ 17,639	€ 17,539	0.6 %	(4.8)%	Net revenues (€ million)	€ 33,696	€ 33,952	(0.8)%	(6.9)%
€ 1,565	€ 1,397	12.0 %	5.2 %	Adjusted EBIT (€ million)	€ 2,609	€ 2,613	(0.2)%	(7.0)%
8.9%	8.0%	+90 bps	—	Adjusted EBIT margin (%)	7.7%	7.7%	0 bps	—

Three months ended June 30, 2019

The Group's market share[(1)] in North America of 12.4 percent for the three months ended June 30, 2019 was in line with the same period in 2018. The U.S. market share[(1)] of 13.1 percent reflected an increase of 10 bps from 13.0 percent in the same period in 2018.

Shipments

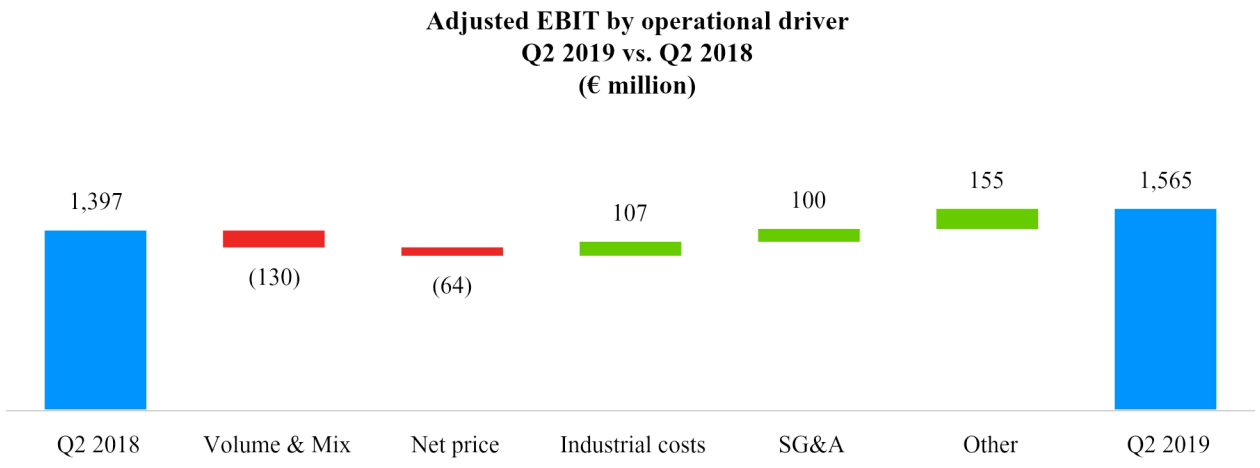
The decrease in North America shipments in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to dealer stock reductions (down approximately 80 thousand units from Q1 2019), partially offset by increased Ram pickup truck volumes and all-new Jeep Gladiator production ramp-up.

Net revenues

North America Net revenues in the three months ended June 30, 2019 were in line with the same period in 2018, with favorable model mix and foreign exchange translation effects, offset by lower volumes and negative net pricing from unfavorable Canadian dollar foreign exchange transaction impacts.

Adjusted EBIT

The following chart reflects the change in North America Adjusted EBIT by operational driver for the three months ended June 30, 2019 compared to the same period in 2018.



(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Markit and Ward's Automotive.

The increase in North America Adjusted EBIT in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- positive model mix, driven by new Ram and Jeep models;
- lower SG&A, mainly from lower advertising costs;
- overall favorable foreign exchange effects; and
- benefit due to the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods.

These were partially offset by:

- lower shipments.

Six months ended June 30, 2019

Shipments

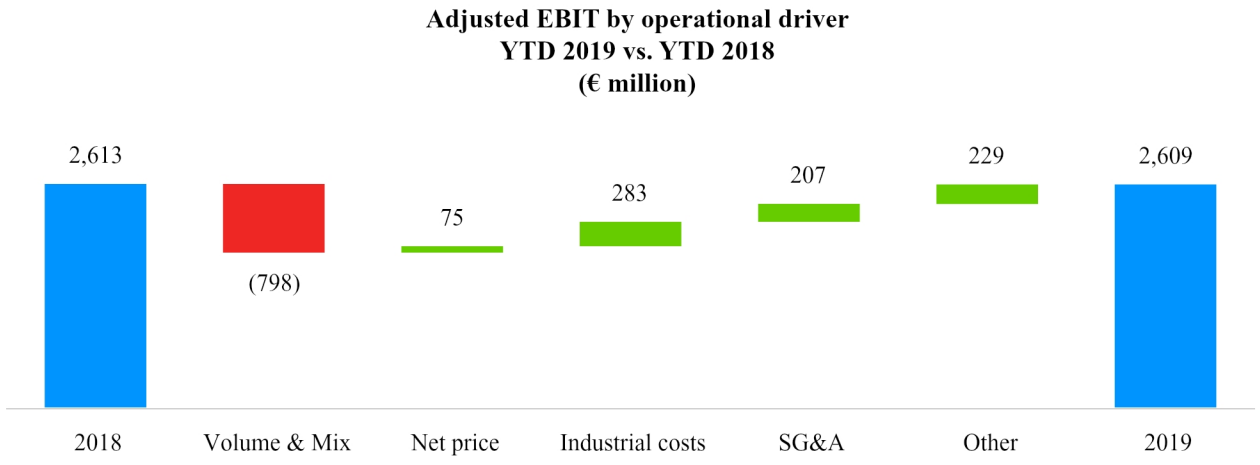
The decrease in North America shipments in the six months ended June 30, 2019 compared to the same period in 2018 was due to lower Jeep volumes due to non-repeat of overlapping all-new and prior generation Jeep Wrangler models in the first three months of 2019, lower Chrysler and Dodge volumes, as well as dealer stock reductions, partially offset by increased Ram volumes and all-new Jeep Gladiator production ramp-up.

Net revenues

North America Net revenues in the six months ended June 30, 2019 were slightly down compared to the same period in 2018, with €3.5 billion from lower volumes partially offset by €2.1 billion favorable foreign exchange translation effects and €1.1 billion of favorable mix.

Adjusted EBIT

The following chart reflects the change in North America Adjusted EBIT by operational driver for the six months ended June 30, 2019 compared to the same period in 2018.



North America Adjusted EBIT in the six months ended June 30, 2019 was in line compared to the same period in 2018 primarily due to:

- lower volumes.

This was offset by

- favorable mix;
- manufacturing and purchasing efficiencies, as well as benefit due to the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods;
- lower SG&A expense, primarily from a reduction in advertising costs; and
- favorable foreign currency translation effects.

LATAM

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
148	150	(1.3)%	—	Shipments (thousands of units)	268	282	(5.0)%	—
€ 2,050	€ 2,106	(2.7)%	0.5%	Net revenues (€ million)	€ 3,982	€ 3,996	(0.4)%	5.2%
€ 110	€ 101	8.9 %	20.2%	Adjusted EBIT (€ million)	€ 215	€ 175	22.9 %	40.3%
5.4%	4.8%	+60 bps	—	Adjusted EBIT margin (%)	5.4%	4.4%	+100 bps	—

Three months ended June 30, 2019

The Group's market share[(1)] in LATAM increased 60 bps to 14.0 percent for the three months ended June 30, 2019 from 13.4 percent in the same period in 2018. The Group's market share in Brazil and Argentina for the three months ended June 30, 2019 increased 40 bps to 18.8 percent from 18.4 percent and decreased 140 bps to 12.3 percent from 13.7 percent, respectively, compared to the corresponding period in 2018.

Shipments

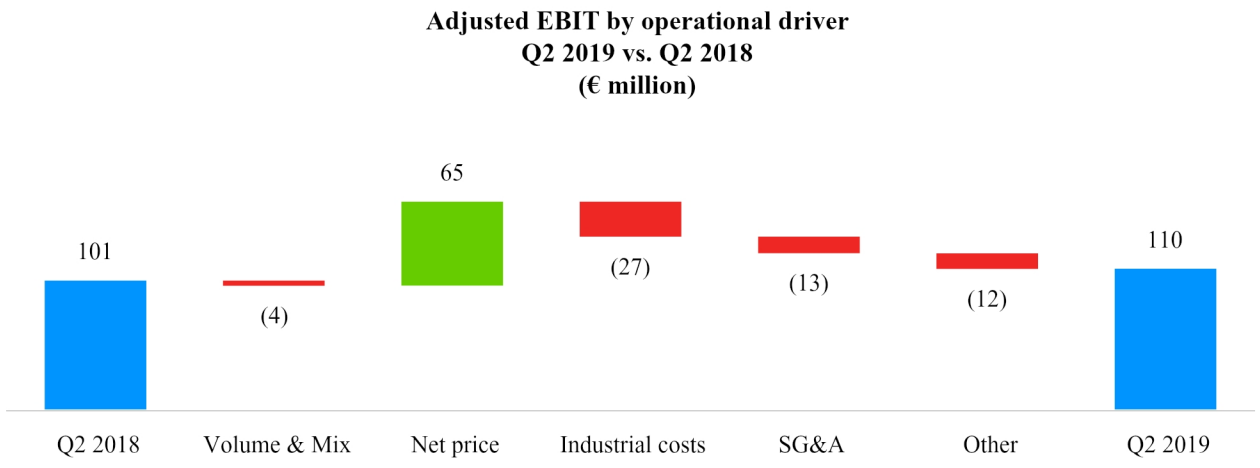
LATAM shipments in the three months ended June 30, 2019 were substantially flat compared to the same period in 2018 primarily due to increased volumes in Brazil offset by lower Argentina volumes due to the ongoing market decline.

Net revenues

LATAM Net revenues in the three months ended June 30, 2019 were substantially flat compared to the same period in 2018, primarily due to positive net pricing, including recognition of indirect tax credits, offset by unfavorable model mix and negative foreign exchange effects.

Adjusted EBIT

The following chart reflects the change in LATAM Adjusted EBIT by operational driver for the three months ended June 30, 2019 compared to the same period in 2018.



(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Markit, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

The increase in LATAM Adjusted EBIT in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- positive net pricing; and
- manufacturing efficiencies.

These were partially offset by:

- cost inflation;
- lower export tax benefits in Brazil and Argentina, included within Industrial costs; and
- negative foreign exchange effects.

Six months ended June 30, 2019

Shipments

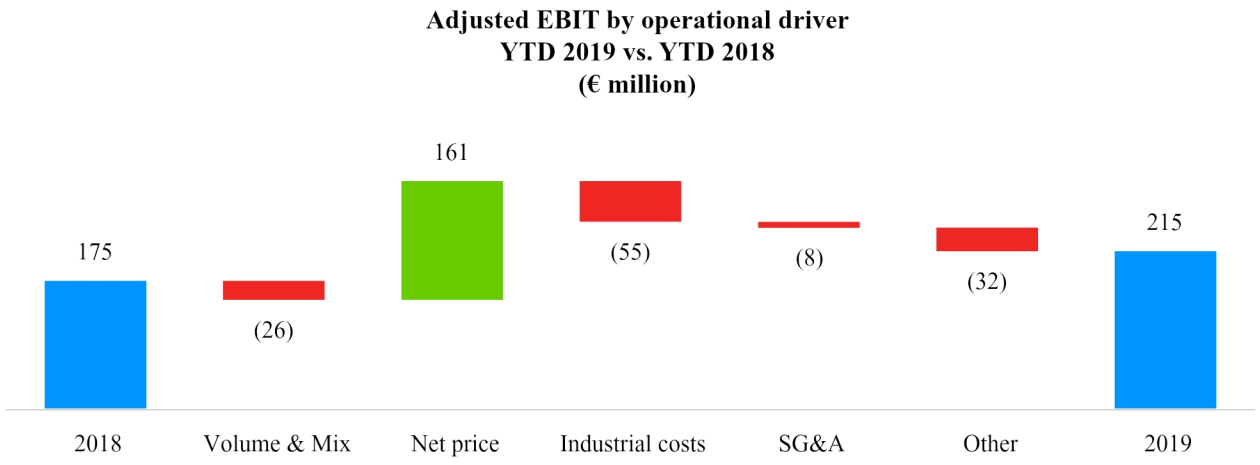
The decrease in LATAM shipments in the six months ended June 30, 2019, compared to the same period in 2018 was primarily due to ongoing Argentina market decline, partially offset by increased volumes in Brazil.

Net revenues

The LATAM Net revenues in the six months ended June 30, 2019 were in line compared to the same period in 2018 primarily related to lower volumes and negative foreign exchange effects, offset by positive net pricing.

Adjusted EBIT

The following chart reflects the change in LATAM Adjusted EBIT by operational driver for the six months ended June 30, 2019 compared to the same period in 2018.



The increase in LATAM Adjusted EBIT in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- positive net pricing, largely driven by one-off recognition of credits relating to indirect taxes.

This was partially offset by:

- decreased volumes;
- higher industrial costs, mainly from lower export tax benefits in Brazil and Argentina; and
- negative foreign exchange effects.

Amounts totaling €164 million for credits recognized in relation to a definitive favorable court decision in the COFINS over ICMS litigation in Brazil were excluded from Adjusted EBIT, consistent with the treatment of the related recognition of previous credits in 2018 and the reversal of an indirect tax liability in 2017. Refer to Note 7, *Trade and other receivables* and the Group's Consolidated Financial Statements for the years ended 2018 and 2017 for further information.

APAC

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
35	53	(34.0)%	—	Combined shipments (thousands of units)	74	109	(32.1)%	—
22	20	10.0 %	—	Consolidated shipments (thousands of units)	39	39	— %	—
€ 762	€ 652	16.9 %	14.5%	Net revenues (€ million)	€ 1,354	€ 1,271	6.5 %	4.2%
€ (12)	€ (98)	87.8 %	89.9%	Adjusted EBIT (€ million)	€ (21)	€ (88)	76.1 %	83.6%
(1.6)%	(15.0)%	n.m.	—	Adjusted EBIT margin (%)	(1.6)%	(6.9)%	n.m.	—

n.m. = number not meaningful

We locally produce and distribute the Jeep Cherokee, Renegade, Compass and Grand Commander through the 50% owned GAC Fiat Chrysler Automobiles Co ("GAC FCA JV"). The results of the GAC FCA JV are accounted for using the equity method, with recognition of our share of the net income of the joint venture in the line item "Result from investment" within the Consolidated Income Statement. We also produce the Jeep Compass through our joint operation with Fiat India Automobiles Private Limited ("FIAPL") and we recognize our related interest in the joint operation on a line by line basis.

Shipments distributed by our consolidated subsidiaries, which include vehicles produced by FIAPL, are reported in both consolidated and combined shipments. Shipments of the GAC FCA JV are not included in consolidated shipments and are only in combined shipments.

Three months ended June 30, 2019

Shipments

The decrease in combined shipments in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to continuing lower GAC FCA JV volumes.

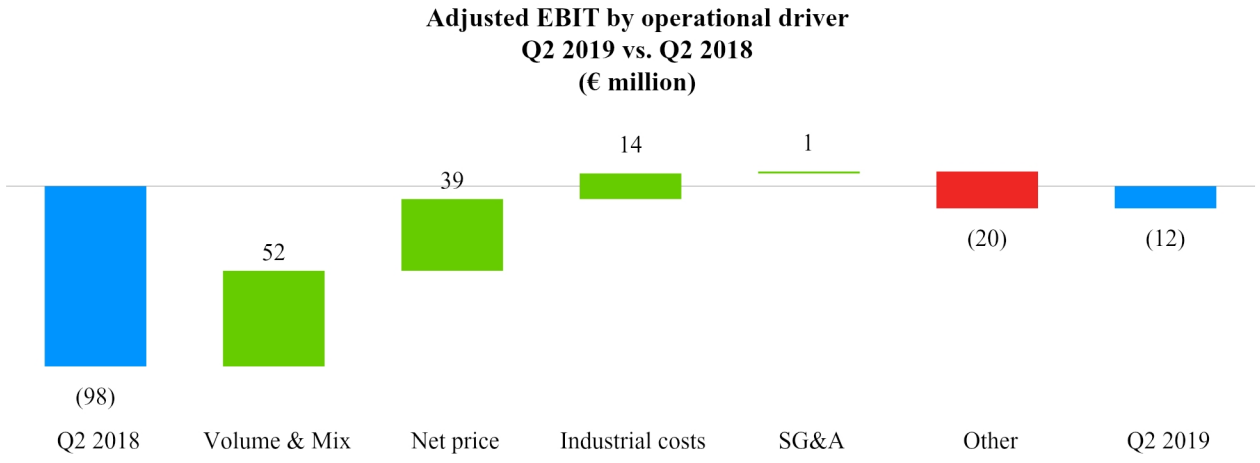
The increase in consolidated shipments in the three months ended June 30, 2019 compared to the same period in 2018 was mainly due to increased Jeep Wrangler volumes.

Net revenues

The increase in APAC Net revenues in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to favorable volumes and model mix, as well as non-repeat of prior year incentives for China import duty changes, partially offset by lower sales of components to the GAC FCA JV.

Adjusted EBIT

The following chart reflects the change in APAC Adjusted EBIT by operational driver for the three months ended June 30, 2019 compared to the same period in 2018.



The increase in APAC Adjusted EBIT in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- higher revenues;
- favorable model mix; and
- lower industrial costs.

These were partially offset by:

- lower results from the GAC FCA JV, included within Other.

Six months ended June 30, 2019

Shipments

The decrease in combined shipments in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to continuing lower GAC FCA JV volumes.

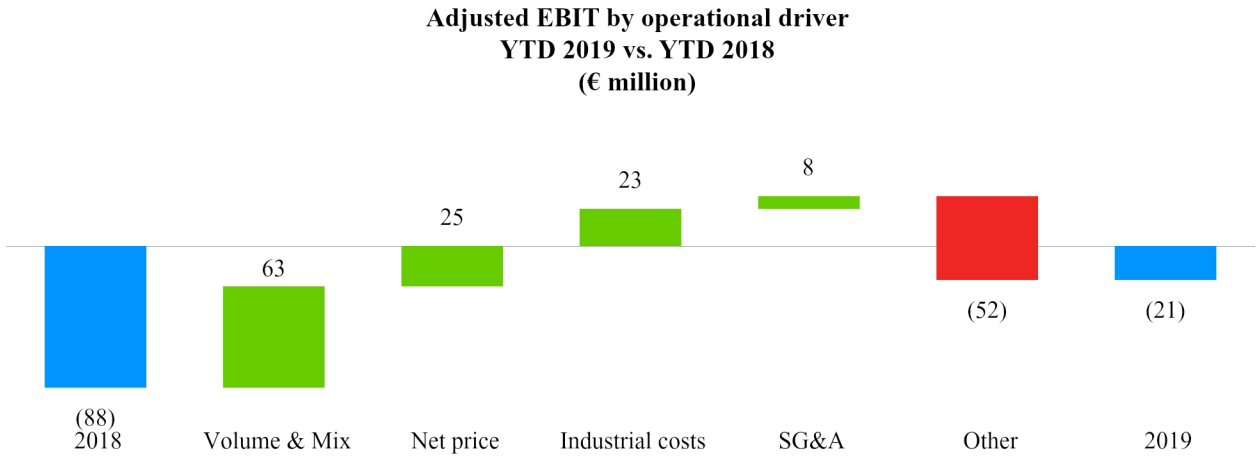
Consolidated shipments in the six months ended June 30, 2019 were in line compared to the same period in 2018 with increased Jeep Wrangler shipments offset by decreased volumes in India and Australia.

Net revenues

The increase in APAC Net revenues in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to favorable model mix, positive net pricing, mainly due to reduced incentives, and foreign exchange effects.

Adjusted EBIT

The following chart reflects the change in APAC Adjusted EBIT by operational driver for the six months ended June 30, 2019 compared to the same period in 2018.



The increase in APAC Adjusted EBIT in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- favorable model mix;
- positive net price from reduced incentives; and
- lower industrial costs.

These were partially offset by:

- lower results from the GAC FCA JV.

EMEA

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
373	414	(9.9)%	—	Combined shipments (thousands of units)	690	775	(11.0)%	—
357	396	(9.8)%	—	Consolidated shipments (thousands of units)	659	741	(11.1)%	—
€ 5,564	€ 6,330	(12.1)%	(12.5)%	Net revenues (€ million)	€ 10,634	€ 11,970	(11.2)%	(11.5)%
€ 22	€ 188	(88.3)%	(84.3)%	Adjusted EBIT (€ million)	€ 3	€ 370	(99.2)%	(95.4)%
0.4%	3.0%	-260 bps	—	Adjusted EBIT margin (%)	—%	3.1%	-310 bps	—

Three months ended June 30, 2019

The Group's market share[(1)] in the European Union for the three months ended June 30, 2019, decreased 60 bps to 7.0 percent from 7.6 percent in the same period in 2018.

Shipments

The decrease in EMEA combined and consolidated shipments in the three months ended June 30, 2019 compared to the same period in 2018, was primarily due to discontinuation of Alfa Romeo Mito and Fiat Punto and planned actions to improve sales channel mix.

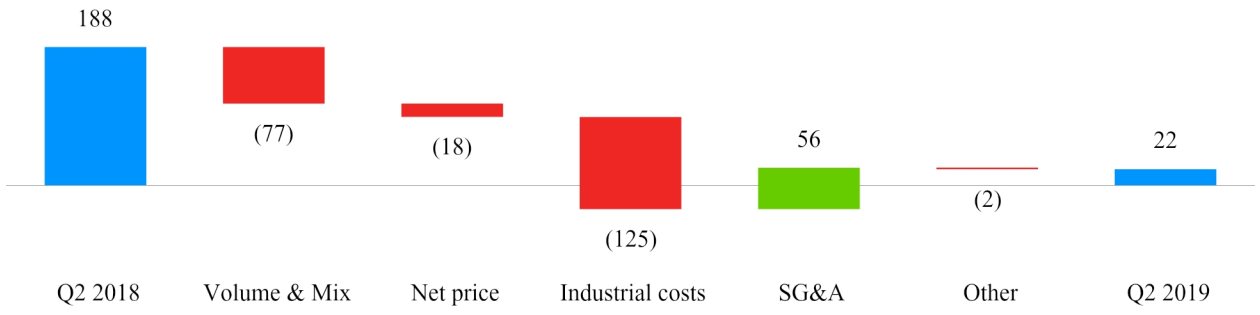
Net revenues

The decrease in EMEA Net revenues in the three months ended June 30, 2019 compared to the same period in 2018, was primarily due to lower volumes.

Adjusted EBIT

The following chart reflects the change in EMEA Adjusted EBIT by operational driver for the three months ended June 30, 2019 compared to the same period in 2018.

Adjusted EBIT by operational driver
Q2 2019 vs. Q2 2018
(€ million)



(1) Our estimated market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases and national Registration Offices databases.

The decrease in EMEA Adjusted EBIT in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- lower volumes;
- increased compliance and product costs; and
- negative foreign exchange effects.

These were partially offset by:

- reduced advertising costs; and
- labor efficiencies from restructuring actions.

Six months ended June 30, 2019

Shipments

The decrease in EMEA combined and consolidated shipments in the six months ended June 30, 2019 compared to the same period in 2018, was primarily due to planned optimization of sales channel mix, market conditions and discontinuation of Alfa Romeo Mito and Fiat Punto.

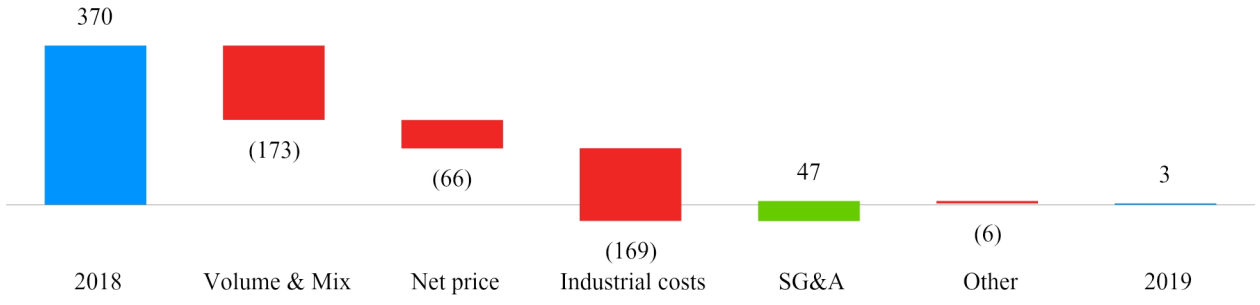
Net revenues

The decrease in EMEA Net revenues in the six months ended June 30, 2019 compared to the same period in 2018, was primarily due to lower volumes.

Adjusted EBIT

The following chart reflects the change in EMEA Adjusted EBIT by operational driver for the six months ended June 30, 2019 compared to the same period in 2018.

Adjusted EBIT by operational driver
YTD 2019 vs. YTD 2018
(€ million)



The decrease in EMEA Adjusted EBIT in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to:

- lower volumes;
- negative net pricing;
- increased compliance and product costs; and
- negative foreign exchange transaction impacts.

These were partially offset by:

- reduced advertising costs;
- warranty and inventory cost adjustments; and
- labor efficiencies from restructuring actions.

Maserati

Three months ended June 30		Increase/(Decrease) 2019 vs. 2018			Six months ended June 30		Increase/(Decrease) 2019 vs. 2018	
2019	2018	% Actual	% CER		2019	2018	% Actual	% CER
4.2	7.8	(46.2)%	—	Shipments (thousands of units)	9.7	17.2	(43.6)%	—
€ 343	€ 568	(39.6)%	(40.2)%	Net revenues (€ million)	€ 814	€ 1,322	(38.4)%	(39.7)%
€ (119)	€ 2	n.m.	n.m.	Adjusted EBIT (€ million)	€ (108)	€ 88	n.m.	n.m.
(34.7)%	0.4%	n.m.	—	Adjusted EBIT margin (%)	(13.3)%	6.7%	n.m.	—

n.m. = number not meaningful

Three months ended June 30, 2019

Shipments

The decrease in Maserati shipments in the three months ended June 30, 2019 compared to the same period in 2018 was mainly due to dealer stock reductions and lower sales.

Net revenues

The decrease in Maserati Net revenues in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to lower volumes and higher incentives related to accelerated transition to China 6 emissions standards.

Adjusted EBIT

The decrease in Maserati Adjusted EBIT in the three months ended June 30, 2019 compared to the same period in 2018 was primarily due to lower revenues and adjustments of residual values in the U.S.

Six months ended June 30, 2019

Shipments

The decrease in Maserati shipments in the six months ended June 30, 2019 compared to the same period in 2018 was mainly due to planned inventory management actions and dealer stock reductions.

Net revenues

The decrease in Maserati Net revenues in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to lower volumes.

Adjusted EBIT

The decrease in Maserati Adjusted EBIT in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to lower revenues and adjustments of residual values in the U.S.

Liquidity and Capital Resources

Available Liquidity

The following table summarizes our total available liquidity:

(€ million)	At June 30, 2019	At December 31, 2018
Cash, cash equivalents and current debt securities[1]	€ 15,774	€ 12,669
Undrawn committed credit lines[2]	7,725	7,728
Cash, cash equivalents and current debt securities - included within Assets held for sale	—	728
Available liquidity[3]	**€ 23,499**	**€ 21,125**

(1) Current debt securities are comprised of short term or marketable securities which represent temporary investments that do not satisfy all the requirements to be classified as cash equivalents as they may not be readily convertible to cash or they are subject to significant risk of change in value (even if they are short-term in nature or marketable).
(2) Excludes the undrawn €0.1 billion long-term dedicated credit lines available to fund scheduled investments at June 30, 2019 (€0.1 billion was undrawn at December 31, 2018).
(3) The majority of our liquidity is available to our treasury operations in Europe and U.S.; however, liquidity is also available to certain subsidiaries which operate in other areas. Cash held in such countries may be subject to restrictions on transfer depending on the foreign jurisdictions in which these subsidiaries operate. Based on our review of such transfer restrictions in the countries in which we operate and maintain material cash balances, we do not believe such transfer restrictions had an adverse effect on the Group's ability to meet its liquidity requirements at the dates above.

Available liquidity at June 30, 2019 increased €2.4 billion from December 31, 2018 primarily as a result of the proceeds from the sale of Magneti Marelli of €5.8 billion, net of €0.4 billion cash held by Magneti Marelli at the time of the disposal, partially offset by €3.1 billion dividend payments.

Our available liquidity is subject to intra-month and seasonal fluctuations resulting from business and collection-payment cycles as well as to changes in foreign exchange conversion rates. Refer to the section — *Cash Flows* below for additional information regarding the change in cash and cash equivalents.

Our liquidity is principally denominated in U.S. Dollar and in Euro, with the remainder being distributed in various countries and denominated in the relevant local currencies. Out of the total cash, cash equivalents and current debt securities available at June 30, 2019, €9.3 billion, or 58.9 percent, were denominated in U.S. Dollar (€7.8 billion, or 58.2 percent, at December 31, 2018) and €2.8 billion, or 17.7 percent, were denominated in Euro (€1.9 billion, or 14.2 percent, at December 31, 2018).

At June 30, 2019, undrawn committed credit lines totaling €7.7 billion included the €6.25 billion syndicated revolving credit facility, as described below, and approximately €1.5 billion of other revolving credit facilities. At December 31, 2018, undrawn committed credit lines totaling €7.7 billion included the €6.25 billion syndicated revolving credit facility, as described below, and approximately €1.5 billion of other revolving credit facilities.

Revolving Credit Facilities

In March 2019, the Group amended its syndicated revolving credit facility originally signed in June 2015 and previously amended in March 2017 and March 2018 (as amended, the "RCF"). The amendment extended the RCF's final maturity to March 2024. 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 2019 amendment as well as the remaining unamortized debt issuance costs related to the original €5.0 billion RCF and the previous March 2017 and 2018 amendments will be amortized over the life of the amended RCF.

Cash Flows

The following table summarizes the cash flows from operating, investing and financing activities for the six months ended June 30, 2019 and 2018. Refer to our Semi-Annual Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2019 and 2018 included elsewhere in this Semi-Annual Report for additional detail.

	Six months ended June 30	
(€ million)	**2019[1]**	**2018[1]**
Cash flows from operating activities - continuing operations	€ 4,059	€ 4,822
Cash flows (used in)/from operating activities - discontinued operations	(308)	362
Cash flows used in investing activities - continuing operations	(3,116)	(3,109)
Cash flows from investing activities - net cash proceeds, disposal of discontinued operations[2]	5,348	—
Cash flows used in investing activities - discontinued operations	(155)	(245)
Cash flows used in financing activities - continuing operations	(4,011)	(1,237)
Cash flows (used in)/from financing activities - discontinued operations	325	(75)
Translation exchange differences	95	87
Total change in cash and cash equivalents	**2,237**	**605**
Cash and cash equivalents at beginning of the period	12,450	12,638
Add: cash and cash equivalents at beginning of the period - included with Assets held for sale	719	—
Total change in cash and cash equivalents	2,237	605
Less: Cash and cash equivalents at end of the period - included within Assets held for sale	—	—
Cash and cash equivalents at end of the period	**€ 15,406**	**€ 13,243**

(1) The cash flows of the Group for the six months ended June 30, 2018 have been re-presented following the classification of the Magneti Marelli business unit as a discontinued operation, beginning in the Interim Report as of and for the three and nine months ended September 30, 2018; Magneti Marelli operating results were excluded from the Group's continuing operations and are presented as a single line item within the Interim Condensed Consolidated Income Statement for each of the periods presented. The assets and liabilities of Magneti Marelli have been classified as Assets held for sale and Liabilities held for sale within the Consolidated Statement of Financial Position at December 31, 2018. All amounts presented above exclude net intercompany amounts (received by)/paid by Magneti Marelli to/from the Group totaling €(200) million and €150 million within operating activities, €(41) million and €(24) million within investing activities and €405 million and €(47) million within financing activities for the six months ended June 30, 2019 and 2018, respectively.

(2) Included within Cash flows from investing activities - net cash proceeds, disposal of discontinued operations for the six months ended June 30, 2019, is €5,348 million reflecting the aggregate cash flows arising from the disposal of Magneti Marelli through the completion of the sale transaction on May 2, 2019, consisting of €5,774 million cash consideration net of €426 million cash balances transferred.

Operating Activities

For the six months ended June 30, 2019, cash flows from operating activities were the result of Net profit from continuing operations of €1,301 million primarily adjusted: (1) to add back €2,741 million for depreciation and amortization expense, (2) a €185 million change in deferred taxes, (3) a €1,251 million net decrease in provisions, including €0.4 billion of payments for civil, environmental and consumer claims related to U.S. diesel emissions matters accrued in 2018, and warranty and incentive payments which exceeded the related accruals in North America, (4) €308 million of cash used by operating activities of discontinued operations and (5) for the positive effect of the change in working capital of €722 million, which was primarily driven by (i) an increase of €1,925 million in trade payables primarily due to North America production volume increases, which were partially offset by (ii) an increase of €667 million in inventories primarily in North America, (iii) an increase of €291 million in trade receivables mainly related to EMEA due to the timing of period end invoices as compared to the same period in 2018, and (iv) an increase of €245 million in other receivables net of other payables, reflecting higher indirect tax receivables in LATAM.

For the six months ended June 30, 2018, cash flows from operating activities were the result of Net profit from continuing operations of €1,645 million primarily adjusted: (1) to add back €2,815 million for depreciation and amortization expense, (2) €362 million of cash from operating activities of discontinued operations and (3) for the negative effect of the change in working capital of €292 million, which was primarily driven by (i) an increase of €1,016 million in inventories mainly due to the ramp-up of new models in North America as well as volumes increase in LATAM, (ii) an increase of €175 million in trade receivables and (iii) an increase of €389 million in other receivables net of other payables, mainly due to an increase in indirect tax receivables, which were partially offset by (iv) an increase of €1,288 million in trade payables mainly due to increased production volumes in North America compared to year-end December 2017.

Investing Activities

For the six months ended June 30, 2019, cash from investing activities was primarily the result of (1) €5,774 million proceeds from the disposal of Magneti Marelli, net of €426 million in cash and cash equivalents held by Magneti Marelli at the time of the disposal, (2) a decrease in receivables from financing activities of €276 million, mainly attributable to lower volumes of financing in EMEA and APAC, partially offset by (3) €3,330 million of capital expenditures, including €1,249 million of capitalized development expenditures, and (4) €155 million of cash flows used by discontinued operations.

For the six months ended June 30, 2018, cash used in investing activities was primarily the result of €2,429 million of capital expenditures, including €906 million of capitalized development expenditures, an increase in receivables from financing activities of €605 million mainly attributable to increased financing in LATAM and EMEA, and €245 million of cash flows used by discontinued operations.

Financing Activities

For the six months ended June 30, 2019, cash used in financing activities resulted primarily from dividends paid of €3,056 million, including the extraordinary dividend of €2,038 million related to disposal of Magneti Marelli, and the repayment of debt in Brazil as well as reduced funding needs for financial services (in relation to the reduced outstanding receivable portfolio), that were partially offset by cash flows from financing activities of discontinued operations of €325 million.

For the six months ended June 30, 2018, cash used in financing activities was primarily the result of the repayment of a note at maturity with a principal amount of €1,250 million that was issued through the Medium Term Note Programme ("MTN Programme") and €75 million of cash flows used by discontinued operations.

Industrial free cash flows

The following table provides a reconciliation of Cash flows from operating activities, the most directly comparable measure included in our Semi-Annual Condensed Consolidated Statement of Cash Flows, to Industrial free cash flows for the six months ended June 30, 2019 and 2018:

	Six months ended June 30	
(€ million)	**2019**	**2018**
Cash flows from operating activities	**€ 3,751**	**€ 5,184**
Less: Cash flows from operating activities - discontinued operations	(308)	362
Cash flows from operating activities - continuing operations	**4,059**	**4,822**
Less: Operating activities not attributable to industrial activities	46	35
Less: Capital expenditures for industrial activities	3,329	2,428
Add: Net intercompany payments between continuing operations and discontinued operations	(200)	150
Add: Discretionary pension contribution, net of tax	—	—
Industrial free cash flows	**€ 484**	**€ 2,509**

For the six months ended June 30, 2019 Industrial free cash flows from continuing operations decreased by €2.0 billion as compared to the same period in 2018, primarily reflecting higher capital expenditures, lower cash flows from operations, including €0.4 billion of payment of civil, environmental and consumer claims related to U.S. diesel emissions matters accrued in 2018, and lower shipments in North America, primarily due to actions to dealer stock reductions.

Important events during the six months ended June 30, 2019

On January 10, 2019, we announced that FCA US reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency ("EPA"), U.S. Department of Justice, the California Air Resources Board, the State of California, 49 other States and U.S. Customs and Border Protection, for which we have accrued €748 million. Approximately €350 million of the accrual relates to civil penalties to resolve differences over diesel emissions requirements. A portion of the accrual is attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average of $2,800 per vehicle to eligible customers affected by the recall. Refer to Note 16, *Guarantees granted, commitments and contingent liabilities* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

In February 2019, the Group announced plans to invest a total of $4.5 billion in five of its existing Michigan plants and to work with the State of Michigan and the City of Detroit on building a new assembly plant within the city limits. The move is expected to increase capacity to meet growing demand for Jeep and Ram brands, including production of two new Jeep branded white space products, as well as electrified models. The State of Michigan and the City of Detroit have committed to provide various financial incentives, including tax incentives, in connection with these plans.

In February 2019, FCA Italy and Groupe PSA announced a signed agreement to extend the Sevel cooperation agreement to 2023 and increase production capacity from 2019. The terms of the new agreement also include continued manufacture by Sevel of Fiat Ducato, Peugeot Boxer and Citroën Jumper large vans as well as additional versions to cover the needs of the Opel and Vauxhall brands.

In March 2019, the Group amended its syndicated revolving credit facility originally signed in June 2015 and previously amended in March 2017 and March 2018. The amendment extended the RCF's final maturity to March 2024. 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.

In March 2019, the Group renewed its labor agreement with Italian trade unions for Italian employees, which had previously expired on December 31, 2018. The agreement is valid for the period 2019-2022 and applies to the Group's 66,000 employees in Italy, primarily providing for a 2% annual increase in contractual compensation and an enhancement of the annual performance-based bonus linked to the achievement of productivity and efficiency targets forming part of the World Class Manufacturing ("WCM") program.

On April 12, 2019, the annual general meeting of FCA shareholders approved the payment of an ordinary annual dividend of €0.65 per common share, equivalent to an aggregate distribution of approximately €1 billion, which was paid on May 2, 2019 to shareholders of record on both MTA and NYSE on April 24, 2019, with an ex-dividend date of April 23, 2019.

On May 2, 2019, FCA completed the sale of Magneti Marelli to CK Holdings Co., Ltd. for cash consideration of approximately €5.8 billion. Refer to Note 2, *Scope of consolidation* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

On May 2, 2019, FCA announced that its Board of Directors had approved an extraordinary cash distribution of €1.30 per common share, equivalent to a total distribution of approximately €2 billion, paid on May 30, 2019 to shareholders of record on May 21, 2019, with an ex-dividend date of May 20, 2019.

In May 2019, Moody's Investors Service raised the Corporate Family Rating of FCA N.V. from Ba2 positive to Ba1 stable and the rating on the bonds issued or guaranteed by FCA N.V. from Ba3 to Ba2, with a stable outlook.

Risks and Uncertainties

The Group believes that the risks and uncertainties identified for the six months ended June 30, 2019 are in line with the main risks and uncertainties to which the Group is exposed and that were identified and discussed in the section *Risk Management-Risk Factors* in the Group's Annual Report and Form 20-F for the year ended December 31, 2018 filed with the AFM and the SEC on February 22, 2019. Those risks and uncertainties should be read in conjunction with this Semi-Annual Report.

Outlook

Guidance confirmed:

Adjusted EBIT	**> €6.7 billion**
Adjusted EBIT margin	**> 6.1 %**
Adjusted diluted EPS	**> €2.70 per share**
Industrial free cash flows	**> €1.5 billion**

FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES
SEMI-ANNUAL CONDENSED CONSOLIDATED INCOME STATEMENT
(in € million, except per share amounts)
(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	2019	2018	2019	2018
Net revenues	3	€ 26,741	€ 27,611	€ 51,222	€ 53,344
Cost of revenues		23,089	23,841	44,270	45,844
Selling, general and other costs		1,573	1,741	3,090	3,317
Research and development costs		782	761	1,455	1,544
Result from investments		58	69	116	151
Gains on disposal of investments		7	—	7	—
Restructuring costs	11	(8)	1	196	2
Net financial expenses	4	260	265	504	552
Profit before taxes		**1,110**	**1,071**	**1,830**	**2,236**
Tax expense	5	317	377	529	591
Net profit from continuing operations		**793**	**694**	**1,301**	**1,645**
Profit from discontinued operations, net of tax	2	3,859	60	3,970	130
Net profit		**€ 4,652**	**€ 754**	**€ 5,271**	**€ 1,775**
Net profit attributable to:					
Owners of the parent		4,650	748	5,265	1,764
Non-controlling interests		2	6	6	11
		€ 4,652	**€ 754**	**€ 5,271**	**€ 1,775**
Net profit from continuing operations attributable to:					
Owners of the parent		788	693	1,297	1,643
Non-controlling interests		5	1	4	2
		€ 793	**€ 694**	**€ 1,301**	**€ 1,645**
Earnings per share:	18				
Basic earnings per share		€ 2.97	€ 0.48	€ 3.37	€ 1.14
Diluted earnings per share		€ 2.96	€ 0.48	€ 3.35	€ 1.13
Earnings per share from continuing operations:	18				
Basic earnings per share		€ 0.50	€ 0.45	€ 0.83	€ 1.06
Diluted earnings per share		€ 0.50	€ 0.44	€ 0.83	€ 1.05

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES
SEMI-ANNUAL CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in € million)
(Unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit (A)		**€ 4,652**	**€ 754**	**€ 5,271**	**€ 1,775**
Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:	17				
Losses on re-measurement of defined benefit plans		—	(5)	—	(5)
Related tax impact		—	1	—	1
Items relating to discontinued operations, net of tax		(9)	2	(9)	2
Total items that will not be reclassified to the Consolidated Income Statement in subsequent periods (B1)		**(9)**	**(2)**	**(9)**	**(2)**
Items that may be reclassified to the Consolidated Income Statement in subsequent periods:	17				
(Losses)/gains on cash flow hedging instruments		(75)	(46)	(173)	57
Exchange (losses)/gains on translating foreign operations		(215)	348	221	(91)
Share of Other comprehensive loss for equity method investees		(19)	(32)	(23)	(60)
Related tax impact		21	1	48	(27)
Items relating to discontinued operations, net of tax		(4)	(61)	9	(60)
Total items that may be reclassified to the Consolidated Income Statement in subsequent periods (B2)		**(292)**	**210**	**82**	**(181)**
Total Other comprehensive income/(loss), net of tax (B1)+(B2)=(B)		**(301)**	**208**	**73**	**(183)**
Total Comprehensive income (A)+(B)		**€ 4,351**	**€ 962**	**€ 5,344**	**€ 1,592**
Total Comprehensive income attributable to:					
Owners of the parent		€ 4,349	€ 954	€ 5,335	€ 1,581
Non-controlling interests		2	8	9	11
		€ 4,351	**€ 962**	**€ 5,344**	**€ 1,592**
Total Comprehensive income attributable to owners of the parent:					
Continuing operations		€ 499	€ 957	€ 1,368	€ 1,515
Discontinued operations		3,850	(3)	3,967	66
		€ 4,349	**€ 954**	**€ 5,335**	**€ 1,581**

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES
SEMI-ANNUAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in € million)
(Unaudited)

	Note	At June 30, 2019	At December 31, 2018
Assets			
Goodwill and intangible assets with indefinite useful lives	6	€ 14,090	€ 13,970
Other intangible assets		12,257	11,749
Property, plant and equipment		27,750	26,307
Investments accounted for using the equity method		2,034	2,002
Other financial assets		353	362
Deferred tax assets		1,813	1,814
Other receivables	7	2,249	1,484
Tax receivables		80	71
Prepaid expenses and other assets		246	266
Other non-current assets		589	556
Total Non-current assets		**61,461**	**58,581**
Inventories	8	11,421	10,694
Assets sold with a buy-back commitment		2,385	1,707
Trade and other receivables	7	7,092	7,188
Tax receivables		328	419
Prepaid expenses and other assets		401	418
Other financial assets		606	615
Cash and cash equivalents		15,406	12,450
Assets held for sale		52	4,801
Total Current assets		**37,691**	**38,292**
Total Assets		**€ 99,152**	**€ 96,873**
Equity and liabilities			
Equity	17		
Equity attributable to owners of the parent		€ 27,123	€ 24,702
Non-controlling interests		134	201
Total Equity		**27,257**	**24,903**
Liabilities			
Long-term debt	12	8,139	8,667
Employee benefits liabilities	10	8,028	7,875
Provisions	11	5,590	5,561
Other financial liabilities		121	3
Deferred tax liabilities		1,050	937
Tax payables		1	1
Other liabilities	13	2,426	2,452
Total Non-current liabilities		**25,355**	**25,496**
Trade payables		21,467	19,229
Short-term debt and current portion of long-term debt	12	6,834	5,861
Other financial liabilities		219	204
Employee benefits liabilities	10	450	595
Provisions	11	9,362	10,483
Tax payables		116	114
Other liabilities	13	8,063	7,057
Liabilities held for sale		29	2,931
Total Current liabilities		**46,540**	**46,474**
Total Equity and liabilities		**€ 99,152**	**€ 96,873**

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES
SEMI-ANNUAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in € million)
(Unaudited)

		Six months ended June 30	
	Note	**2019**	**2018**
Cash flows from operating activities:			
Net profit from continuing operations		€ 1,301	€ 1,645
Amortization and depreciation		2,741	2,815
Change in inventories, trade and other receivables and payables		722	(292)
Dividends received		66	72
Change in provisions		(1,251)	242
Change in deferred taxes		185	59
Other changes		295	281
Cash flows (used in)/from operating activities - discontinued operations		(308)	362
Total		**3,751**	**5,184**
Cash flows (used in)/from investing activities:			
Investments in property, plant and equipment and intangible assets		(3,330)	(2,429)
Net change in receivables from financing activities		276	(605)
Change in securities		(114)	(102)
Other changes		52	27
Net cash proceeds from disposal of discontinued operations		5,348	—
Cash flows used in investing activities - discontinued operations		(155)	(245)
Total		**2,077**	**(3,354)**
Cash flows (used in)/from in financing activities:			
Repayment of notes	12	—	(1,250)
Proceeds of other long-term debt		176	416
Repayment of other long-term debt	12	(555)	(757)
Net change in short-term debt and other financial assets/liabilities		(576)	343
Distributions paid		(3,056)	—
Other changes		—	11
Cash flows (used in)/from financing activities - discontinued operations		325	(75)
Total		**(3,686)**	**(1,312)**
Translation exchange differences		95	87
Total change in Cash and cash equivalents		**2,237**	**605**
Cash and cash equivalents at beginning of the period		**12,450**	**12,638**
Add: Cash and cash equivalents at beginning of the period - included within Assets held for sale		719	—
Total change in Cash and cash equivalents		2,237	605
Less: Cash and cash equivalents at end of the period - included within Assets held for sale		—	—
Cash and cash equivalents at end of the period		**€ 15,406**	**€ 13,243**

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES
SEMI-ANNUAL CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in € million)
(Unaudited)

	Attributable to owners of the parent								
	Share capital	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial Assets measured at FVOCI	Remeasure-ment of defined benefit plans	Cumulative share of OCI of equity method investees	Non-controlling interests	Total
At December 31, 2017	**€ 19**	**€ 20,921**	**€ 68**	**€ 970**	**€ 3**	**€ (810)**	**€ (352)**	**€ 168**	**€ 20,987**
Impact from the adoption of IFRS 15 and IFRS 9	—	21	—	—	—	—	—	—	**21**
At January 1, 2018	**19**	**20,942**	**68**	**970**	**3**	**(810)**	**(352)**	**168**	**21,008**
Capital increase	—	—	—	—	—	—	—	11	**11**
Net profit	—	1,764	—	—	—	—	—	11	**1,775**
Other comprehensive income/(loss)	—	—	25	(146)	—	(2)	(60)	—	**(183)**
Share-based compensation[1]	—	66	—	—	—	—	—	—	**66**
Other changes[2]	—	1	(3)	—	—	—	—	(2)	**(4)**
At June 30, 2018	**€ 19**	**€ 22,773**	**€ 90**	**€ 824**	**€ 3**	**€ (812)**	**€ (412)**	**€ 188**	**€ 22,673**

(1) Includes €30 million tax benefit related to the long-term incentive plans.
(2) Includes €3 million deferred net hedging gains transferred to inventory, net of tax

	Attributable to owners of the parent								
	Share capital	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial Assets measured at FVOCI	Remeasure-ment of defined benefit plans	Cumulative share of OCI of equity method investees	Non-controlling interests	Total
At December 31, 2018	**€ 19**	**€ 24,650**	**€ 45**	**€ 1,011**	**€ (1)**	**€ (567)**	**€ (455)**	**€ 201**	**€ 24,903**
Impact from the adoption of IFRS 16[1]	—	—	—	—	—	—	—	—	**—**
At January 1, 2019	**19**	**24,650**	**45**	**1,011**	**(1)**	**(567)**	**(455)**	**201**	**24,903**
Distributions	—	(3,056)	—	—	—	—	—	(29)	**(3,085)**
Net profit	—	5,265	—	—	—	—	—	6	**5,271**
Other comprehensive (loss)/ income	—	—	(122)	224	—	(9)	(23)	3	**73**
Share-based compensation[2]	—	50	—	—	—	—	—	—	**50**
Sale of Magneti Marelli	—	(109)	(6)	97	—	109	—	(47)	**44**
Other changes[3]	—	13	(12)	—	—	—	—	—	**1**
At June 30, 2019	**€ 19**	**€ 26,813**	**€ (95)**	**€ 1,332**	**€ (1)**	**€ (467)**	**€ (478)**	**€ 134**	**€ 27,257**

(1) There was no impact within Equity on adoption of IFRS 16 as at January 1, 2019.
(2) Includes €12 million tax benefit related to the long-term incentive plans.
(3) Includes €12 million deferred net hedging gains transferred to inventory, net of tax.

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

1. Basis of preparation

Authorization of Semi-Annual Condensed Consolidated Financial Statements and compliance with International Financial Reporting Standards

The accompanying Semi-Annual Condensed Consolidated Financial Statements together with the notes thereto (the "Semi-Annual Condensed Consolidated Financial Statements") were authorized for issuance on July 31, 2019 and have been prepared in accordance with both International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as well as IFRS as adopted by the European Union.[(1)] The designation "IFRS" also includes International Accounting Standards ("IAS"), as well as all interpretations of the IFRS Interpretations Committee ("IFRIC").

The Semi-Annual 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 December 31, 2018 included within the Annual Report and Form 20-F for the year ended December 31, 2018, filed with the AFM and the SEC on February 22, 2019 (the "FCA Consolidated Financial Statements at December 31, 2018"). The accounting policies are consistent with those used at December 31, 2018, except as described in the section — *New standards and amendments effective from January 1, 2019* below.

Basis of preparation

The preparation of the Semi-Annual Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Semi-Annual 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 Semi-Annual 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. For a description of the significant estimates, judgments and assumptions of the Group, refer to Note 2, *Basis of Preparation — Use of estimates* in the FCA Consolidated Financial Statements at December 31, 2018.

(1) There is no effect on these Semi-Annual Condensed Consolidated Financial Statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union.

New standards and amendments effective from January 1, 2019

The cumulative effect of the changes made to our Consolidated Statement of Financial Position as of January 1, 2019 for the adoption of IFRS 16 - *Leases* is as follows:

(€ million)	At December 31, 2018 (as previously reported)	IFRS 16 adoption Effect	At January 1, 2019 (as adjusted)
Assets			
Non-current assets			
Property, plant and equipment	€ 26,307	€ 1,069	€ 27,376
Prepaid expenses and other assets	266	(3)	263
Non-current assets not impacted by IFRS 16 adoption	*32,008*	—	*32,008*
Total Non-current assets	**58,581**	**1,066**	**59,647**
Current assets			
Prepaid expenses and other assets	418	(2)	416
Assets held for sale	4,801	261	5,062
Current assets not impacted by IFRS 16 adoption	*33,073*	—	*33,073*
Total Current assets	**38,292**	**259**	**38,551**
Total Assets	**€ 96,873**	**€ 1,325**	**€ 98,198**
Equity			
Total Equity	**24,903**	**—**	**24,903**
Liabilities			
Non-current liabilities			
Long-term debt[(1)]	8,667	903	9,570
Other liabilities	2,452	(3)	2,449
Non-current liabilities not impacted by IFRS 16 adoption	*14,377*	—	*14,377*
Total Non-current liabilities	**25,496**	**900**	**26,396**
Current liabilities			
Short-term debt and current portion of long-term debt[(1)]	5,861	166	6,027
Other liabilities	7,057	(2)	7,055
Liabilities held for sale	2,931	261	3,192
Current liabilities not impacted by IFRS 16 adoption	*30,625*	—	*30,625*
Total Current liabilities	**46,474**	**425**	**46,899**
Total Equity and liabilities	**€ 96,873**	**€ 1,325**	**€ 98,198**

(1) Amounts at December 31, 2018, include €261 million of finance lease liabilities previously recognized in accordance with IAS 17. Refer to Note 12, Debt.

As a result of the adoption of IFRS 16, the Group will recognize deferred tax assets and liabilities arising on lease liabilities and right-of-use assets, respectively, which largely offset. The net impact to deferred tax assets on adoption as at January 1, 2019 was nil. The net deferred tax impact in future periods is expected to be immaterial.

IFRS 16 - Leases

IFRS 16 - *Leases* ("IFRS 16") requires lessees to recognize assets and liabilities under an on-balance sheet model that is similar to finance lease accounting under IAS 17 ("IAS 17"). IFRS 16 is effective from January 1, 2019 (the date of adoption). The Group adopted IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized as an adjustment to the Group's opening equity balance on January 1, 2019, which was nil. The comparative period has not been restated and continues to be reported under the accounting standards in effect for periods prior to January 1, 2019.

Transition

The following practical expedients have been made upon transition to IFRS 16:

- Contracts that were previously identified as leases by applying IAS 17 and IFRIC 4, *Determining whether an Arrangement contains a Lease,* have not been re-assessed under IFRS 16.

- For leases with a remaining lease term less than 12 months from the date of adoption, or leases of low-value assets, we have not recognized right-of-use assets and lease liabilities.

- A single discount rate was applied to portfolios of leases with similar characteristics at the date of adoption. Lease liabilities were discounted at their respective incremental borrowing rates as at January 1, 2019 and the weighted average of the discount rates used was 5.7%.

- In measuring the right-of-use assets at the date of adoption, the initial direct costs were excluded.

For leases classified as finance leases under IAS 17, the carrying amounts of the right-of-use assets and lease liabilities at January 1, 2019 were determined as the carrying amounts of the lease assets and lease liabilities under IAS 17 immediately before that date.

As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, where FCA is a lessor, we continue to classify our leases as operating leases or finance leases and account for them accordingly.

The following reconciliation to the opening balance for the lease liabilities as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018 (excluding discontinued operations):

		(€ million)
Future lease obligations as at December 31, 2018[1]	**€**	**1,642**
Recognition exemption for:		
Short-term leases		(102)
Leases of low-value assets		(27)
Gross lease liabilities at January 1, 2019		**1,513**
Effect of discounting using the incremental borrowing rate at January 1, 2019		(444)
Present value of lease liabilities at January 1, 2019		**1,069**
Present value of finance lease liabilities under IAS 17 at December 31, 2018		261
Lease liabilities as a result of the initial application of IFRS 16 as at January 1, 2019	**€**	**1,330**

(1) Includes future minimum lease payments under non-cancellable lease contracts of €1,027 million and extension and termination options reasonably certain to be exercised of €615 million.

Leases (policy applicable from January 1, 2019)

As a Lessee

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into, or modified, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Except for real estate properties, the Group has elected not to separate non-lease components and will account for the lease and non-lease components as a single lease component.

Right-of-use asset

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-to-use asset is determined based on the nature of the asset, taking into consideration the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain corresponding remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is determined considering macro-economic factors such as the risk free rate based on the relevant currency and term, as well as FCA specific factors contributing to FCA's credit spread, including the impact of security. The Group primarily uses the incremental borrowing rate as the discount rate for its lease liabilities.

Lease payments used to measure the lease liability include the following, if appropriate:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate applicable as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- if reasonably certain to exercise, the exercise price under a purchase option, or lease payments in an optional renewal period; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in *Property, plant and equipment* and lease liabilities in *Long-term debt* and *Short-term debt and current portion of long-term debt* in the Semi-Annual Condensed Consolidated Statement of Financial Position.

The Group has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low-value leases for all classes of leased assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If the risks and rewards are substantially transferred, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Effect of IFRS 16

All amounts provided below relate to continuing operations only. Please refer to Note 2, *Scope of consolidation* for detail on amounts relating to discontinued operations.

As Lessee

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property under IAS 40 - *Investment Property*.

	At June 30, 2019
	(€ million)
Property, plant and equipment owned	26,151
Right-of-use assets	1,599
Total	**27,750**

The Group leases assets including land, industrial buildings, plant machinery and equipment, and other assets. Information about leases for which the Group is a lessee is presented below (excluding the impacts related to discontinued operations as described in Note 2, *Scope of consolidation*).

Right-of-use assets

	Land	Industrial buildings	Plant, machinery and equipment	Other assets	Total
			(€ million)		
Balance at December 31, 2018	**—**	**197**	**129**	**—**	**326**
IFRS 16 adoption effect	26	888	77	78	1,069
Balance at January 1, 2019[(1)]	**26**	**1,085**	**206**	**78**	**1,395**
Depreciation	(2)	(73)	(46)	(33)	(154)
Additions	—	43	197	99	339
Change in the scope of consolidation	—	18	26	—	44
Translation differences	—	13	—	—	13
Other	—	(10)	(9)	(19)	(38)
Balance at June 30, 2019	**24**	**1,076**	**374**	**125**	**1,599**

(1) The opening balance as of January 1, 2019 includes €326 million of assets previously recognized in accordance with IAS 17.

Lease liabilities

The following table summarizes the Group's current and non-current lease liabilities:

Lease liabilities included in the Statement of Financial Position

	At June 30, 2019
	(€ million)
Long-term debt (non-current)	1,232
Short-term debt and current portion of long-term debt (current)	345

Maturity analysis - contractual undiscounted cash flows

	At June 30, 2019
	(€ million)
Due within one year	407
Due between one and five years	887
Due beyond five years	760
Total undiscounted lease liabilities	**2,054**

Amounts recognized in Profit before taxes

Amounts recognized within *Profit before taxes* for the three and six months ended June 30, 2019 were as follows:

	Three months ended June 30, 2019	Six months ended June 30, 2019
	(€ million)	
Depreciation of right-of-use assets	85	154
Interest expense on lease liabilities	22	41
Variable lease payments not included in the measurement of lease liabilities	2	2
Income from sub-leasing right-of-use assets	(20)	(42)
Expenses relating to short-term leases and to leases of low-value assets	53	110
Gains arising from sale and leaseback transactions	(24)	(46)
Total expense recognized in Net profit from continuing operations	**118**	**219**

The impact of adoption of IFRS 16 on our Semi-Annual Condensed Consolidated Income Statement for the three and six months ended June 30, 2019 was immaterial.

Amounts recognized in Consolidated Statement of Cash Flows

	Six months ended June 30, 2019
	(€ million)
Total cash outflow for leases	161
Cash payments for the principal portion of lease liabilities (within financing activities)	*125*
Cash payments for interest expense related to lease liabilities (within operating activities)	*36*

Other new standards and amendments

The following amendments and interpretations, which were effective from January 1, 2019, were adopted by the Group. The adoption of these amendments did not have a material impact on the Semi-Annual Condensed Consolidated Financial Statements.

- In June 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatment*, (the "Interpretation"), which clarifies application of recognition and measurement requirements in IAS 12 - *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The Interpretation does not add any new disclosure requirements, however it highlights the existing requirements in IAS 1 - *Presentation of Financial Statements*, related to disclosure of judgments, information about the assumptions made and other estimates and disclosures of tax-related contingencies within IAS 12 - *Income Taxes*. The Group applied IFRIC 23 from January 1, 2019 under the retrospective approach with no impact to equity on the date of initial application.

- In October 2017, the IASB issued *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*, allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

- In October 2017, the IASB issued *Long-term interests in associates and joint ventures (Amendments to IAS 28)*, which clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

- In December 2017, the IASB issued *Annual Improvements to IFRSs 2015-2017*, a series of amendments to IFRSs in response to issues raised mainly on IFRS 3 - *Business Combinations*, which clarifies that a company remeasure its previously held interest in a joint operation when it obtains control of the business, on IFRS 11 - *Joint Arrangements*, a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business, on IAS 12 - *Income Taxes*, which clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises, and on IAS 23 - *Borrowing Costs*, which clarifies that a company treats as part of general borrowing any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- In February 2018, the IASB issued *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* which specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. IAS 19 - *Employee Benefits* specifies how a company accounts for a defined benefit plan. When a change to a plan-an amendment, curtailment or settlement-takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments are effective for plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019.

New standards and amendments not yet effective

Reference should be made to Note 2, *Basis of Presentation – New Standards and Amendments Not Yet Effective* within the FCA Consolidated Financial Statements at December 31, 2018 for a description of new standards not yet effective as of June 30, 2019.

Exchange rates

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

	For the six months ended June 30, 2019	At June 30, 2019	At December 31, 2018	For the six months ended June 30, 2018	At June 30, 2018
U.S. Dollar (U.S.$)	1.130	1.138	1.145	1.210	1.166
Brazilian Real (BRL)	4.342	4.351	4.444	4.141	4.488
Chinese Renminbi (CNY)	7.668	7.819	7.875	7.709	7.717
Canadian Dollar (CAD)	1.507	1.489	1.561	1.546	1.544
Mexican Peso (MXN)	21.654	21.820	22.492	23.085	22.882
Polish Zloty (PLN)	4.292	4.250	4.301	4.221	4.373
Argentine Peso (ARS)[1]	48.331	48.331	43.074	26.094	32.876
Pound Sterling (GBP)	0.874	0.897	0.895	0.880	0.886
Swiss Franc (CHF)	1.129	1.111	1.127	1.170	1.157

(1) From July 1, 2018, Argentina's economy was considered to be hyperinflationary. Transactions after July 1, 2018 for entities with the Argentinian Peso as the functional currency were translated using the spot rate at the end of the period.

2. Scope of consolidation

Magneti Marelli discontinued operations and disposal

On April 5, 2018, the FCA Board of Directors announced that it had authorized FCA management to develop and implement a plan to separate the Magneti Marelli business from the Group and to distribute shares of a new holding company for Magneti Marelli to the shareholders of FCA.

At September 30, 2018, the separation within the next twelve months became highly probable and Magneti Marelli operations met the criteria to be classified as a disposal group held for sale. It also met the criteria to be classified as a discontinued operation pursuant to IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*.

On October, 22, 2018, FCA announced that it had entered into a definitive agreement to sell its Magneti Marelli business to CK Holdings Co., Ltd. On May 2, 2019, FCA completed the sale of Magneti Marelli for consideration of €5,812 million (including €5,774 million cash consideration, contingent consideration receivable with a fair value of €70 million, and contingent consideration payable by FCA of €16 million and costs relating to the transaction of €16 million) subject to customary final confirmation of purchase price adjustments by the buyer.

The following table shows the calculation of the gain on sale on the Magneti Marelli transaction:

	At May 2, 2019
	(€ million)
Intangible assets	€ 788
Property, plant and equipment	2,146
Financial receivables	10
Cash and cash equivalents	426
Other assets	2,055
Debt	(782)
Trade and other payables	(1,942)
Other liabilities	(791)
Net assets sold	**€ 1,910**
Consideration	5,812
Reclassification of amounts in OCI relating to Magneti Marelli[1]	(91)
Gain on sale attributable to FCA	**€ 3,811**

(1) Excluding amounts related to remeasurement of defined benefit plans.

Refer to the Semi-Annual Condensed Consolidated Statement of Cash flows for the six months ended June 30, 2019, for the aggregate cash flows arising from the sale of Magneti Marelli, which consists of the cash consideration received net of the cash and cash equivalents transferred in the sale, as disclosed in the table above.

The presentation of the Magneti Marelli business for the period up until the completion of the sale is as follows:

- The operating results of Magneti Marelli up to the completion of the sale transaction on May 2, 2019, have been excluded from the Group's continuing operations and are presented as a single line item within the Consolidated Income Statement for the three and six months ended June 30, 2019, and 2018. In order to present the financial effects of a discontinued operation, revenues and expenses arising from intercompany transactions were eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operation. However, no profit or loss is recognized for intercompany transactions within the Consolidated Income Statement.

- The assets and liabilities of Magneti Marelli have been classified as Assets held for sale and Liabilities held for sale within the Consolidated Statement of Financial Position at December 31, 2018.

- Cash flows arising from the Magneti Marelli business unit up to the completion of the sale transaction on May 2, 2019, have been presented separately as discontinued cash flows from operating, investing and financing activities within the Consolidated Statement of Cash Flows for the six months ended June 30, 2019, and 2018. These cash flows represent those arising from transactions with third parties.

- In accordance with IFRS 5, depreciation and amortization on the assets of Magneti Marelli ceased as at September 30, 2018. The impact of ceasing depreciation of the property, plant and equipment and amortization of the intangible assets of Magneti Marelli was €34 million, net of tax of €7 million, for the three months ended June 30, 2019, and €134 million, net of tax of €27 million, for the six months ended June 30, 2019.

- The operating results from discontinued operations includes €1 million of interest on lease liabilities for the three months ended June 30, 2019, and €5 million for the six months ended June 30, 2019.

- Total expenses recognized during the three months ended June 30, 2019, in the operating results from discontinued operations relating to short-term leases and low-value assets leases amounted to €2 million and nil, respectively, and €6 million and €2 million for the six months ended June 30, 2019, respectively.

The following table summarizes the operating results of Magneti Marelli up to the completion of the sale transaction on May 2, 2019, that were excluded from the Consolidated Income Statement for the three and six months ended June 30, 2019 and 2018:

	Three months ended June 30[1]		**Six months ended June 30**[1]	
	2019	**2018**	**2019**	**2018**
	(€ million)			
Net revenues	€ 482	€ 1,382	€ 1,657	€ 2,676
Expenses	413	1,275	1,447	2,465
Net financial (income)/expenses	(8)	29	5	51
Profit before taxes from discontinued operations	**77**	**78**	**205**	**160**
Tax expense	27	18	44	30
Profit after taxes from discontinued operations	**50**	**60**	**161**	**130**
Add: Gain on sale attributable to FCA	3,811	—	3,811	—
Less: Tax expense on gain on sale	2	—	2	—
Profit from discontinued operations, net of tax	**€ 3,859**	**€ 60**	**€ 3,970**	**€ 130**

(1) Amounts presented are not representative of the income statement of Magneti Marelli on a stand-alone basis; amounts are net of transactions between Magneti Marelli and other companies of the Group.

We have elected to present both the tax on the gain after the participation exemption of €55 million and the corresponding utilization of tax losses as a net nil impact within *Profit from discontinued operations, net of tax*.

Plastic components and automotive modules business held for sale

During the three and six months ended June 30, 2019, certain entities within our plastic components and automotive modules business met the criteria to be presented as held for sale.

Acquisition of the assets of Vari-Form Inc.

During the six months ended June 30, 2019, FCA N.V., through subsidiaries in Canada, Mexico and Italy, entered into asset purchase agreements for the assets of Vari-Form, a vehicle component manufacturer. The most significant element of these transactions was in Canada for an amount of U.S.$62 million (€55 million), the majority of which was allocated to goodwill, recognized within the North America segment.

3. Net revenues

Net revenues were as follows:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
	(€ million)			
Revenues from:				
Sales of goods	€ 25,442	€ 26,252	€ 48,686	€ 50,778
Services provided	989	948	1,924	1,803
Construction contract revenues	174	278	347	526
Lease installments from assets sold with a buy-back commitment	86	88	163	148
Interest income of financial services activities	50	45	102	89
Total Net revenues	**€ 26,741**	**€ 27,611**	**€ 51,222**	**€ 53,344**

	Mass-Market Vehicles						
Three months ended June 30, 2019	**North America**	**LATAM**	**APAC**	**EMEA**	**Maserati**	**Other activities**	**Total**
	(€ million)						
Revenues from:							
Sales of goods	€ 17,013	€ 1,947	€ 726	€ 5,244	€ 338	€ 174	€ 25,442
Services provided	577	81	6	247	3	75	989
Construction contract revenues	—	—	—	—	—	174	174
Revenues from goods and services	**17,590**	**2,028**	**732**	**5,491**	**341**	**423**	**26,605**
Lease installments from assets sold with a buy-back commitment	36	—	—	50	—	—	86
Interest income from financial services activities	—	31	16	3	—	—	50
Total Net revenues	**€ 17,626**	**€ 2,059**	**€ 748**	**€ 5,544**	**€ 341**	**€ 423**	**€ 26,741**

Three months ended June 30, 2018	Mass-Market Vehicles						
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Total
				(€ million)			
Revenues from:							
Sales of goods	€ 16,938	€ 2,014	€ 618	€ 6,010	€ 560	€ 112	€ 26,252
Services provided	547	64	4	247	10	76	948
Construction contract revenues	—	—	—	—	—	278	278
Revenues from goods and services	**17,485**	**2,078**	**622**	**6,257**	**570**	**466**	**27,478**
Lease installments from assets sold with a buy-back commitment	43	—	—	45	—	—	88
Interest income from financial services activities	—	25	17	3	—	—	45
Total Net revenues	**€ 17,528**	**€ 2,103**	**€ 639**	**€ 6,305**	**€ 570**	**€ 466**	**€ 27,611**

Six months ended June 30, 2019	Mass-Market Vehicles						
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Total
				(€ million)			
Revenues from:							
Sales of goods	€ 32,469	€ 3,775	€ 1,286	€ 10,017	€ 796	€ 343	€ 48,686
Services provided	1,146	142	11	470	13	142	1,924
Construction contract revenues	—	—	—	—	—	347	347
Revenues from goods and services	**33,615**	**3,917**	**1,297**	**10,487**	**809**	**832**	**50,957**
Lease installments from assets sold with a buy-back commitment	64	—	—	99	—	—	163
Interest income from financial services activities	—	60	32	10	—	—	102
Total Net revenues	**€ 33,679**	**€ 3,977**	**€ 1,329**	**€ 10,596**	**€ 809**	**€ 832**	**€ 51,222**

Six months ended June 30, 2018	Mass-Market Vehicles						
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Total
				(€ million)			
Revenues from:							
Sales of goods	€ 32,818	€ 3,819	€ 1,206	€ 11,367	€ 1,296	€ 272	€ 50,778
Services provided	1,053	122	8	463	18	139	1,803
Construction contract revenues	—	—	—	—	—	526	526
Revenues from goods and services	**33,871**	**3,941**	**1,214**	**11,830**	**1,314**	**937**	**53,107**
Lease installments from assets sold with a buy-back commitment	61	—	—	87	—	—	148
Interest income from financial services activities	—	49	32	8	—	—	89
Total Net revenues	**€ 33,932**	**€ 3,990**	**€ 1,246**	**€ 11,925**	**€ 1,314**	**€ 937**	**€ 53,344**

4. Net financial expenses

The following table summarizes the Group's financial income and expenses included within Net financial expenses:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
	(€ million)			
Interest income and other financial income	**€ 74**	**€ 56**	**€ 124**	**€ 116**
Financial expenses:				
Interest expense and other financial expenses	202	221	411	450
Interest on lease liabilities[1]	22	—	41	—
Write-down of financial assets	4	2	10	4
Losses on disposal of securities	—	—	—	11
Net interest expense on employee benefits provisions	74	67	147	132
Total Financial expenses	**302**	**290**	**609**	**597**
Net expenses from derivative financial instruments and exchange rate differences	32	31	19	71
Total Financial expenses and Net expenses from derivative financial instruments and exchange rate differences	**334**	**321**	**628**	**668**
Net financial expenses	**€ 260**	**€ 265**	**€ 504**	**€ 552**

(1) Interest on lease liabilities previously recognized in accordance with IAS 17 during the three and the six months ended June 30, 2018, was not material for reclassification.

5. Tax expense

Tax expense was as follows:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
	(€ million)			
Current tax expense	€ 173	€ 259	€ 319	€ 470
Deferred tax expense	134	121	188	120
Tax expense/(benefit) relating to prior periods	10	(3)	22	1
Total Tax expense	**€ 317**	**€ 377**	**€ 529**	**€ 591**

The effective tax rate was 29 percent for both the three and six months ended June 30, 2019. The effective tax rate was 35 percent and 26 percent for the three and six months ended June 30, 2018, respectively.

The decrease in the effective tax rate during the three months ended June 30, 2019, compared to the corresponding period in 2018, primarily related to adjustments to deferred tax liabilities.

The increase in the effective tax rate during the six months ended June 30, 2019, compared to the corresponding period in 2018, primarily related to non-recurring U.S. tax benefits and an increase in unrecognized tax losses, partly offset by adjustments to deferred tax liabilities.

6. Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives at June 30, 2019 and December 31, 2018 are summarized as below:

	At June 30, 2019	At December 31, 2018
	(€ million)	
Goodwill	€ 10,934	€ 10,834
Other intangible assets with indefinite useful lives	3,156	3,136
Total Goodwill and intangible assets with indefinite useful lives	**€ 14,090**	**€ 13,970**

The increase during the six months ended June 30, 2019 primarily related to foreign currency translation of the U.S. Dollar to the Euro and included goodwill recognized on the acquisition of the assets of Vari-Form Inc. (refer to Note 2, *Scope of consolidation)*.

7. Trade and other receivables

Trade and other receivables consisted of the following:

	At June 30, 2019			At December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
			(€ million)			
Trade receivables	€ 2,399	€ —	€ 2,399	€ 2,048	€ —	€ 2,048
Receivables from financing activities	2,990	307	3,297	3,304	310	3,614
Other receivables	1,703	1,942	3,645	1,836	1,174	3,010
Total Trade and other receivables	**€ 7,092**	**€ 2,249**	**€ 9,341**	**€ 7,188**	**€ 1,484**	**€ 8,672**

As disclosed in Note 22, *Other liabilities and Tax payables*, in the FCA Consolidated Financial Statements at December 31, 2018, during 2017, the Brazilian Supreme Court ruled that state value added tax should be excluded from the basis for calculating a federal tax on revenue, a decision which was subsequently appealed. In March 2019, a final and definitive favorable decision was made in respect of the COFINS over ICMS element of the litigation, relating to amounts previously paid but not recovered for the period between May 2004 to December 2014. During the six months ended June 30, 2019, total credits and the related receivable of €164 million were recognized, which were excluded from Adjusted EBIT (refer to Note 19, *Segment reporting*).

Transfer of financial assets

At June 30, 2019, the 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 €8,034 million (€8,523 million at December 31, 2018). The transfers related to trade receivables and other receivables of €6,311 million (€6,847 million at December 31, 2018) and financial receivables of €1,723 million (€1,676 million at December 31, 2018). These amounts included receivables of €5,295 million (€5,517 million at December 31, 2018), mainly due from the sales network, transferred to FCA Bank, our jointly-controlled financial services company.

8. Inventories

	At June 30, 2019	At December 31, 2018
	(€ million)	
Finished goods and goods for resale	€ 7,115	€ 6,776
Work-in-progress, raw materials and manufacturing supplies	4,227	3,783
Construction contract assets	79	135
Total Inventories	**€ 11,421**	**€ 10,694**

The Construction contracts, net asset/(liability) relates to the design and production of industrial automation systems and related products and is summarized as follows:

	At June 30, 2019	At December 31, 2018
	(€ million)	
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	€ 822	€ 954
Less: Progress billings	(817)	(912)
Construction contracts, net asset/(liability)	**5**	**42**
Construction contract assets	79	135
Less: Construction contract liabilities (Note 13)	(74)	(93)
Construction contracts, net asset/(liability)	**€ 5**	**€ 42**

9. Share-based compensation

2019-2021 Long Term Incentive Plan

In December 2018, the Company's Board of Directors approved the 2019-2021 Long-Term Incentive Plan ("2019-2021 LTIP", refer to Note 17, *Equity* for further information). During May 2019, FCA awarded a total of 9.5 million Performance Share Units ("PSU") and 5.9 million Restricted Share Units ("RSU") to eligible employees under the 2019-2021 LTIP.

The PSU awards, which represent the right to receive FCA common shares, have an Adjusted EBIT target as well as a total shareholder return ("TSR") target, with each weighted at 50 percent and settled independently of the other. Half of the awards will vest based on our achievement of the targets for Adjusted EBIT ("2019 PSU Adjusted EBIT awards"), covering a three year period from 2019 to 2021 and will have a payout ranging from 0 percent to 100 percent. The fair values of these PSU Adjusted EBIT awards were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting. The remaining half of the PSU awards ("2019 PSU TSR awards") will vest based on market conditions over a three year performance period from January 2019 through December 2021, with a payout scale ranging from 0 percent to 225 percent. Accordingly, the total number of shares that will eventually be issued may vary from the original award of 9.5 million units. If the performance goals for the respective periods are met, one third of the total PSU awards will vest in the second quarter of 2020, a cumulative two-thirds in the second quarter of 2021 and a cumulative 100 percent in the second quarter of 2022. The fair value of these PSU TSR awards were calculated using a Monte Carlo Simulation, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting.

The RSU awards ("2019 RSU awards"), which represent the right to receive FCA common shares, will vest in three equal tranches in the second quarter of each year 2020, 2021 and 2022. The fair values of these RSU awards were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as RSU awards do not have the right to receive ordinary dividends prior to vesting.

Part of the PSU TSR awards issued in 2019 ("Replacement awards") were considered to be a replacement of certain of the PSU TSR awards that were granted in 2018 ("2018 PSU TSR awards"). Under the modified terms of the 2018 PSU TSR awards, 60% of the 2018 PSU TSR awards were replaced with the Replacement awards and the remaining 40% of 2018 PSU TSR awards will vest at target during the second quarter of 2020. In accordance with IFRS 2 - *Share-based Payment*, the 2018 PSU TSR awards were modified and remeasured at the grant date of the Replacement awards, using a Monte Carlo Simulation. Only the incremental amount, which is the difference between the fair value of the 2018 PSU TSR and the fair value of the Replacement awards, will be recognized as an expense over the term of the Replacement awards.

Additional Grants

In addition to the grants above, during May 2019 FCA also awarded 0.5 million PSUs to certain key employees of the Company. The PSU awards, which represent the right to receive FCA common shares, have an Adjusted EBIT target as well as a TSR target, with each weighted at 50 percent and settled independently of the other. Half of the awards will vest based on our achievement of the targets for Adjusted EBIT covering a three year period from January 1, 2019 to December 31, 2021 and will have a payout ranging from 0 percent to 100 percent. The fair values of these PSU Adjusted EBIT awards were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting. The remaining half of the PSU awards will vest based on market conditions over a three year performance period from January 2019 through December 2021, with a payout scale ranging from 0 percent to 225 percent. Accordingly, the total number of shares that will eventually be issued may vary from the original award of 0.5 million units. These awards will vest in the second quarter of 2022 if the respective performance goals for the period January 1, 2019 to December 31, 2021 are achieved. The fair value of these PSU TSR awards were calculated using a Monte Carlo Simulation, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting.

During May 2019, FCA also awarded an additional 0.3 million RSUs to certain key employees of the Company. These additional awards will vest in one tranche in the second quarter of 2022. The fair values of these awards were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as RSU awards do not have the right to receive ordinary dividends prior to vesting.

Other Restricted Share Unit Grants

During the six months ended June 30, 2019, FCA awarded 0.6 million RSUs to certain key employees of the Company, which represent the right to receive FCA common shares. These awards will vest in 2019, 2020, 2021 and 2022 in accordance with the award agreements. The fair values of the awards were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as RSU awards do not have the right to receive ordinary dividends prior to vesting.

Share-based compensation expense

Including previously granted awards, total expense of approximately €19 million and €38 million was recorded for the PSU and RSU awards for the three and six months ended June 30, 2019, respectively. Including previously granted awards, total expense for the PSU and RSU awards of approximately €11 million and €36 million was recorded for the three and six months ended June 30, 2018, respectively.

The total number of PSU and RSU awards outstanding at June 30, 2019 was 11.4 million and 7.4 million respectively.

10. Employee benefits liabilities

Employee benefits liabilities include provisions for both pension plans and health care, legal, severance indemnity and other post-employment benefits ("OPEB") and consisted of the following:

	At June 30, 2019			At December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Pension benefits	€ 34	€ 4,680	€ 4,714	€ 34	€ 4,475	€ 4,509
Health care and life insurance plans	135	2,092	2,227	134	2,082	2,216
Other post-employment benefits	80	698	778	82	737	819
Other provisions for employees	201	558	759	345	581	926
Total Employee benefits liabilities	**€ 450**	**€ 8,028**	**€ 8,478**	**€ 595**	**€ 7,875**	**€ 8,470**

Pension and OPEB costs included in the Semi-Annual Condensed Consolidated Income Statement were as follows:

	Three months ended June 30			
	2019		2018	
	Pension	OPEB	Pension	OPEB
	(€ million)			
Current service cost	€ 39	€ 6	€ 41	€ 7
Interest expense	239	27	227	24
Interest (income)	(196)	—	(187)	—
Other administrative costs	20	—	22	—
Past service costs/(credits) and losses/(gains) arising from settlements/curtailments	—	—	78	—
Total	**€ 102**	**€ 33**	**€ 181**	**€ 31**

	Six months ended June 30			
	2019		2018	
	Pension	OPEB	Pension	OPEB
	(€ million)			
Current service cost	€ 78	€ 12	€ 82	€ 15
Interest expense	476	54	449	47
Interest (income)	(390)	—	(370)	—
Other administrative costs	40	—	42	—
Past service costs/(credits) and losses/(gains) arising from settlements/curtailments	—	—	78	—
Total	**€ 204**	**€ 66**	**€ 281**	**€ 62**

Total contributions of €35 million were made to our pension plans in the six months ended June 30, 2019.

11. Provisions

	At June 30, 2019			At December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Product warranty and recall campaigns	€ 2,496	€ 3,982	€ 6,478	€ 2,745	€ 4,015	€ 6,760
Sales incentives	5,643	—	5,643	5,999	—	5,999
Other provisions and risks	1,223	1,608	2,831	1,739	1,546	3,285
Total Provisions	**€ 9,362**	**€ 5,590**	**€ 14,952**	**€ 10,483**	**€ 5,561**	**€ 16,044**

During the six months ended June 30, 2019, a total provision for €120 million was recognized primarily for workforce restructuring costs, of which €55 million was recognized within LATAM, €36 million within EMEA and €26 million within North America (refer to Note 19, *Segment reporting*).

During the six months ended June 2019, approximately €0.4 billion of payments were made for civil, environmental and consumer claims related to U.S. diesel emissions matters accrued in 2018 (refer to Note 16, *Guarantees granted, commitments and contingent liabilities*).

On July 12, 2019, the U.S. Department of Transportation's National Highway Traffic Safety Administration ("NHTSA") announced a final rule that retains the current fine rate applicable to automobile manufacturers that fail to meet Corporate Average Fuel Economy ("CAFE") standards through achievement of the targeted fleet fuel efficiency or remittance of CAFE credits. Prior to this final rule, FCA recorded a provision for estimated CAFE civil fines relating to 2019 model year vehicles for which CAFE credits were not expected to be available at the previously announced civil fine rate. As a result of the announced final rule, under IAS 37, the reduction of the civil fine rate resulted in a change in the estimated provision of €158 million relating to 2019 model year vehicles sold prior to March 31, 2019, which has been recognized as a reduction to *Cost of revenues* within the Semi-Annual Condensed Consolidated Income Statement for the three and six months ended June 30, 2019.

12. Debt

	At June 30, 2019			At December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Notes	€ 2,952	€ 4,925	€ 7,877	€ 1,598	€ 6,227	€ 7,825
Borrowings from banks[1]	2,443	1,829	4,272	2,928	2,177	5,105
Asset-backed financing	297	—	297	457	—	457
Lease liabilities	345	1,232	1,577	56	205	261
Other debt[1]	797	153	950	822	58	880
Total Debt	**€ 6,834**	**€ 8,139**	**€ 14,973**	**€ 5,861**	**€ 8,667**	**€ 14,528**

(1) Borrowings from banks and Other debt as previously reported included €261 million of finance lease liabilities recognized in accordance with IAS 17. These amounts have been reclassified into the line item Lease liabilities at December 31, 2018. Refer to Note 1, Basis of preparation for additional information on the adoption of IFRS 16.

Borrowings from banks

Revolving Credit Facilities

In March 2019, the Group amended its syndicated revolving credit facility originally signed in June 2015 and previously amended in March 2017 and March 2018 (as amended, the "RCF"). The amendment extended the RCF's final maturity to March 2024. 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 2019 amendment as well as the remaining unamortized debt issuance costs related to the original €5.0 billion RCF and the previous March 2017 and 2018 amendments will be amortized over the life of the amended RCF.

At June 30, 2019, undrawn committed credit lines totaling €7.7 billion included the €6.25 billion RCF and approximately €1.5 billion of other revolving credit facilities. At December 31, 2018, undrawn committed credit lines totaling €7.7 billion included the €6.25 billion RCF and approximately €1.5 billion of other revolving credit facilities.

13. Other liabilities

Other liabilities consisted of the following:

	At June 30, 2019			At December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Payables for GDP and buy-back agreements	€ 3,241	€ —	€ 3,241	€ 2,362	€ —	€ 2,362
Accrued expenses and deferred income	847	689	1,536	783	697	1,480
Indirect taxes payables	698	16	714	681	16	697
Payables to personnel	870	15	885	956	16	972
Social security payables	262	4	266	265	4	269
Construction contract liabilities (Note 8)	74	—	74	93	—	93
Service contract liability	586	1,505	2,091	568	1,521	2,089
Other	1,485	197	1,682	1,349	198	1,547
Total Other liabilities	**€ 8,063**	**€ 2,426**	**€ 10,489**	**€ 7,057**	**€ 2,452**	**€ 9,509**

14. Fair value measurement

Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy, based on observable and unobservable inputs, for financial assets and liabilities that are measured at fair value on a recurring basis at June 30, 2019 and December 31, 2018:

	At June 30, 2019				At December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(€ million)							
Debt securities and equity instruments measured at FVOCI	€ 3	€ 15	€ 13	**€ 31**	€ 3	€ 15	€ 13	**€ 31**
Debt securities and equity instruments measured at FVPL	284	—	13	**297**	270	—	3	**273**
Derivative financial assets	—	118	28	**146**	—	256	41	**297**
Collateral deposits	48	—	—	**48**	61	—	—	**61**
Receivables from financing activities	—		775	**775**	—	—	973	**973**
Trade receivables	—	55	—	**55**	—	65	—	**65**
Other receivables	—	—	70	**70**	—	—	—	**—**
Money market securities	3,768	—	—	**3,768**	4,352	—	—	**4,352**
Total Assets	**€ 4,103**	**€ 188**	**€ 899**	**€ 5,190**	**€ 4,686**	**€ 336**	**€ 1,030**	**€ 6,052**
Derivative financial liabilities	—	340	—	**340**	—	205	2	**207**
Total Liabilities	**€ —**	**€ 340**	**€ —**	**€ 340**	**€ —**	**€ 205**	**€ 2**	**€ 207**

During the six months ended June 30, 2019, 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 re-assessing categorization at the end of each reporting period.

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, as described below:

- 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 and interest rates prevailing at the balance sheet date and the discounted expected cash flow method; and
- 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 money market securities is based on available market quotations. Where appropriate, the fair value of money market securities is determined with discounted expected cash flow techniques using observable market yields (categorized as Level 2).

The fair value of Receivables from 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 in order to take into account the credit risk of the counterparties.

The fair value of Other receivables, which relates to the contingent consideration receivable from the sale of Magneti Marelli (refer to Note 2, *Scope of consolidation*), is classified in Level 3 of the fair value hierarchy and has been estimated using discounted cash flow models. The most significant inputs used in this measurement are market discount rates.

The following is a reconciliation of the changes in items measured at fair value and classified within Level 3:

	Three months ended June 30							
	2019				2018			
	Receivables from financing activities	Debt securities and equity instruments	Derivative financial assets/ (liabilities)	Other receivables	Receivables from financing activities	Debt securities and equity instruments	Derivative financial assets/ (liabilities)	Other receivables
	(€ million)							
At April 1	**€ 562**	**€ 15**	**€ 40**	**€ —**	**€ 885**	**€ 45**	**€ 6**	**€ —**
Gains/(losses) recognized in Consolidated Income Statement	—	—	29	—	—	(1)	14	—
Gains/(losses) recognized in Other comprehensive income/(loss)	—	—	(20)	—	—	—	(16)	—
Issues/Settlements	213	—	(21)	70	(67)	—	(7)	—
Purchases/Sales	—	11	—	—	—	—	—	—
At June 30	**€ 775**	**€ 26**	**€ 28**	**€ 70**	**€ 818**	**€ 44**	**€ (3)**	**€ —**

	Six months ended June 30							
	2019				2018			
	Receivables from financing activities	Debt securities and equity instruments	Derivative financial assets/ (liabilities)	Other receivables	Receivables from financing activities	Debt securities and equity instruments	Derivative financial assets/ (liabilities)	Other receivables
	(€ million)							
At January 1	**€ 973**	**€ 16**	**€ 39**	**€ —**	**€ 700**	**€ 45**	**€ 29**	**€ —**
Gains/(losses) recognized in Consolidated Income Statement	—	—	36	—	—	(1)	21	—
Gains/(losses) recognized in Other comprehensive income/(loss)	—	—	2	—	—	—	(33)	—
Issues/Settlements	(198)	(1)	(49)	70	118	—	(20)	—
Purchases/Sales	—	11	—	—	—	—	—	—
At June 30	**€ 775**	**€ 26**	**€ 28**	**€ 70**	**€ 818**	**€ 44**	**€ (3)**	**€ —**

Gains/(losses) included in the Semi-Annual Condensed Consolidated Income Statement during the three and six months ended June 30, 2019 and 2018 were recognized within Cost of revenues. Gains/(losses) recognized in Other comprehensive income/(loss) during the three and six months ended June 30, 2019 and 2018 were included within Cash flow hedge reserve within Equity in the Semi-Annual Condensed Consolidated Statement of Financial Position.

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

The carrying value of debt securities measured at amortized cost, financial receivables, current receivables and payables is a reasonable approximation of fair value as the present value of future cash flows does not differ significantly from the carrying amount.

The carrying value of Cash at banks and Other cash equivalents usually approximate fair value due to the short maturity of these instruments.

The following table summarizes the carrying amount and fair value for financial assets and liabilities not measured at fair value on a recurring basis:

		At June 30, 2019		At December 31, 2018	
	Note	Carrying amount	Fair Value	Carrying amount	Fair Value
		(€ million)			
Dealer financing		€ 1,541	€ 1,538	€ 1,681	€ 1,682
Retail financing		623	589	601	584
Finance leases		3	3	3	3
Other receivables from financing activities		355	355	356	355
Total Receivables from financing activities[1]	7	**€ 2,522**	**€ 2,485**	**€ 2,641**	**€ 2,624**
Notes		€ 7,877	€ 8,420	€ 7,825	€ 8,152
Borrowings from banks & Other debt		5,222	5,221	5,985	5,968
Asset-backed financing		297	297	457	457
Lease liabilities		1,577	1,577	261	261
Total Debt	12	**€ 14,973**	**€ 15,515**	**€ 14,528**	**€ 14,838**

(1) Amounts at June 30, 2019 and December 31, 2018 exclude receivables measured at FVPL.

The fair value of Receivables from 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 in order to take into account the credit risk of the counterparties.

Notes that are traded in active markets for which close or last trade pricing is available are classified within 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 independent pricing services or from dealers who trade in such securities and are classified within Level 2 of the fair value hierarchy. At June 30, 2019, €8,413 million and €7 million of Notes were classified within Level 1 and Level 2, respectively. At December 31, 2018, €8,145 million and €7 million of Notes were classified within Level 1 and Level 2, respectively.

The fair value of Other debt classified within Level 2 of the fair value hierarchy has been estimated using discounted cash flow models. The main inputs used are year-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. At June 30, 2019, €4,447 million and €774 million of Other Debt were classified within Level 2 and Level 3, respectively. At December 31, 2018, €5,166 million and €802 million of Other Debt were classified within Level 2 and Level 3, respectively.

The fair value of Lease liabilities classified within Level 3 of the fair value hierarchy has been estimated using discounted cash flow models that require significant adjustments using unobservable inputs. At June 30, 2019, €1,577 million of Lease liabilities were classified within Level 3, of which €75 million were previously classified within Level 2. At December 31, 2018, €75 million and €186 million of Lease liabilities were classified within Level 2 and Level 3, respectively.

15. Related party transactions

Related parties of the Group are entities and individuals capable of exercising control, joint control or significant influence over the Group and its subsidiaries. Refer to Note 24, *Related party transactions*, in the FCA Consolidated Financial Statements at December 31, 2018 for a description of the Group's transactions with the Group's unconsolidated subsidiaries, joint ventures, associates and other related parties.

The amounts for significant transactions with related parties recognized in the Semi-Annual Condensed Consolidated Income Statement were as follows:

	Three months ended June 30							
	2019				2018			
	Net revenues	Cost of revenues	Selling, general and other costs/(income)	Net financial expenses	Net revenues	Cost of revenues	Selling, general and other costs/(income)	Net financial expenses
	(€ million)							
Joint arrangements and associates	€ 769	€ 687	€ (10)	€ 10	€ 1,001	€ 786	€ (15)	€ 14
CNHI	110	93	1	—	133	92	1	—
Ferrari	9	35	—	—	19	59	2	—

	Six months ended June 30							
	2019				2018			
	Net revenues	Cost of revenues	Selling, general and other costs/(income)	Net financial expenses	Net revenues	Cost of revenues	Selling, general and other costs/(income)	Net financial expenses
	(€ million)							
Joint arrangements and associates	€ 1,541	€ 1,203	€ (25)	€ 25	€ 1,941	€ 1,568	€ (34)	€ 24
CNHI	237	166	3	—	275	178	3	—
Ferrari	23	75	—	—	38	119	2	—

Assets and liabilities from significant transactions with related parties were as follows:

	At June 30, 2019					At December 31, 2018				
	Trade and other receivables	Trade payables	Other liabilities	Asset-backed financing	Debt	Trade and other receivables	Trade payables	Other liabilities	Asset-backed financing	Debt
	(€ million)									
Joint arrangements and associates	€ 699	€ 393	€ 356	€ 286	€ 63	€ 542	€ 490	€ 291	€ 449	€ 39
CNHI	51	88	12	—	—	53	71	12	—	—
Ferrari	16	34	—	—	—	25	45	3	—	—

16. Guarantees granted, commitments and contingent liabilities

Litigation

Takata airbag inflators

Putative class action lawsuits were 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 our vehicles. We are vigorously defending against this action and at this stage of the proceedings, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Emissions Matters

On January 10, 2019, we announced that FCA US reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency ("EPA"), U.S. Department of Justice, the California Air Resources Board, the State of California, 49 other States and U.S. Customs and Border Protection, for which we have accrued €748 million. Approximately €350 million of the accrual relates to civil penalties to resolve differences over diesel emissions requirements. A portion of the accrual is attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average of $2,800 per vehicle to eligible customers affected by the recall.

In the U.S., we remain subject to diesel emissions-related investigations by the U.S. Securities and Exchange Commission and the U.S. Department of Justice, Criminal Division. In addition, we remain subject to a number of related private lawsuits as well as claims by consumers who choose not to participate in the class action settlement.

We have also received inquiries from other regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers' vehicles and, when jurisdictionally appropriate, we continue to cooperate with these governmental agencies and authorities.

In Europe, we have been working with the Italian Ministry of Transport ("MIT") and the Dutch Vehicle Regulator ("RDW"), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency. We also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt ("KBA"), regarding emissions test results for our vehicles, and we discussed the KBA reported test results, our emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations have been held under European Commission ("EC") rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences. The mediation was concluded with no action being taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT has responded to the EC's allegations by confirming that the vehicles' approval process was properly performed.

In addition, at the request of the French Consumer Protection Agency, the Juge d'Instruction du Tribunal de Grande Instance of Paris is investigating diesel vehicles of a number of automakers including FCA, regarding whether the sale of those vehicles violated French consumer protection laws.

In December 2018, the Korean Ministry of Environment ("MOE") announced its determination that approximately 2,400 FCA vehicles imported into Korea during 2015, 2016 and 2017 were not emissions compliant and that the vehicles with a subsequent update of the emission control calibrations voluntarily performed by FCA, although compliant, would have required re-homologation of the vehicles concerned. In May 2019, the MOE revoked certification of the above-referenced vehicles and announced an administrative fine for an amount not material to the Group. We intend to appeal the MOE's decision.

The results of the unresolved inquiries and private litigation cannot be predicted at this time and these inquiries and litigation may lead to further enforcement actions, penalties or damage awards, any of which may have a material adverse effect on our business, financial condition, results of operations and reputation. It is possible that the resolution of these matters may adversely affect our reputation with consumers, which may negatively impact demand for our vehicles and could have a material adverse effect on our business, financial condition and results of operations. At this stage, we are unable to evaluate the likelihood that a loss will be incurred with regard to the unresolved inquiries and private litigation or estimate a range of possible loss.

Safety Recall and Emissions-related Securities Class Action Lawsuit

On September 11, 2015, a putative securities class action complaint was filed in the U.S. District Court for the Southern District of New York against us alleging material misstatements regarding our compliance with regulatory requirements and that we failed to timely disclose certain expenses relating to our vehicle recall campaigns. On October 5, 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 February 17, 2017, the plaintiffs amended their complaint to allege material misstatements regarding emissions compliance. On November 13, 2017, the Court denied our motion to dismiss the emissions-related claims. On June 15, 2018, the Court certified a class of our stockholders in the case. On February 4, 2019, we entered into an agreement in principle to settle the litigation contingent on court approval for an amount within the coverage limits of our applicable insurance policies. As such the net loss from this settlement was immaterial to the Group. On April 10, 2019, the Court preliminarily approved the settlement, which remains subject to final court approval following a notice period.

U.S. Sales Reporting Investigations

On July 18, 2016, we confirmed that the U.S. Securities and Exchange Commission (the "SEC") had commenced an investigation into our reporting of vehicle unit sales to end customers in the U.S. and that inquiries into similar issues have been received from the U.S. Department of Justice (the "DoJ"). These vehicle unit sales reports relate to unit sales volumes primarily by dealers to consumers while we generally recognize revenues based on shipments to dealers and other customers and not on vehicle unit sales to consumers.

We continue to cooperate with these investigations and have begun discussions with the SEC about a potential resolution of its investigation. Based on the progress of those discussions with the SEC, we have recorded a provision in an amount that is not material to the Group. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss in connection with the DoJ investigation. The outcome of these investigations, however, remains uncertain and any resolution may involve the payment of penalties and other sanctions. At this time, we cannot reliably predict whether or when any settlements may be reached or, if no settlement is reached, the ultimate outcome of any litigation.

As previously reported, two putative securities class action lawsuits were filed against us in the U.S. District Court for the Eastern District of Michigan making allegations with regard to our reporting of vehicle unit sales to end consumers in the U.S. These lawsuits have been consolidated into a single action and on October 4, 2018, we entered into an agreement in principle to settle the consolidated litigation, subject to court approval, for an amount that is not material to the Group. On June 5, 2019, the Court granted final approval to this settlement.

National Training Center

In connection with an on-going government investigation into matters at the UAW-Chrysler National Training Center, the U.S. Department of Justice has brought charges against a number of individuals including former FCA US employees and individuals associated with the UAW for, among other things, tax fraud and conspiring to provide money or other things of value to a UAW officer and UAW employees while acting in the interests of FCA US, in violation of the Labor Management Relations (Taft-Hartley) Act. Several of the individual defendants have entered guilty pleas and some have claimed in connection with those pleas that they conspired with FCA US in violation of the Taft-Hartley Act. We continue to cooperate with this investigation and are in discussions with the DOJ about a potential resolution of its investigation. The outcome of those discussions is uncertain; however, any resolution may involve the payment of penalties and other sanctions. At this time, we cannot predict whether or when any settlements may be reached or, if no settlement is reached, the ultimate outcome of any litigation. As such, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Several putative class action lawsuits have been filed against FCA US in U.S. federal court alleging harm to UAW workers as a result of these acts. Those actions have been dismissed at the trial court stage, but several of them are in the process of being appealed or remain subject to appeal. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

In addition, refer to Note 25, *Guarantees granted, commitments and contingent liabilities,* in the FCA Consolidated Financial Statements at December 31, 2018 for information on the Group's other pending litigation proceedings and governmental investigations.

SCUSA Private-label financing agreement

On June 28, 2019, FCA US entered into an amendment (the "Amendment") to its private-label financing agreement (the "SCUSA Agreement") with Santander Consumer USA Inc. ("SCUSA"), an affiliate of Banco Santander. The Amendment modified certain terms of the agreement and in connection with its execution, SCUSA made a one-time, non-refundable, non-contingent, cash payment of U.S. $60 million (€53 million) to FCA US as part of a negotiated resolution of open matters. The amount was recognized within *Selling, general and other costs* in the Semi-Annual Condensed Consolidated Income Statement for the three and six months ended June 30, 2019.

Other commitments, arrangements and contractual rights

During the six months ended June 30, 2019, FCA entered into multi-year non-cancellable agreements for purchases of regulatory emissions credits in various jurisdictions. At June 30, 2019, these agreements represent total commitments of €1.3 billion after fulfillment of commitments during the six months ended June 30, 2019 and the reduction in the commitments due to the CAFE civil fine rate (refer to Note 11, *Provisions* included elsewhere in this Semi-Annual Report). The purchased credits are expected to be used for compliance years through 2023.

17. Equity

Share capital

At June 30, 2019, the authorized share capital of FCA was forty million Euro (€40,000,000), divided into two billion (2,000,000,000) FCA common shares, nominal value of one Euro cent (€0.01) per share, and two billion (2,000,000,000) special voting shares, nominal value of one Euro cent (€0.01) per share.

At June 30, 2019, the fully paid-up share capital of FCA amounted to €19 million (€19 million at December 31, 2018) and consisted of 1,567,378,478 common shares and 408,941,767 special voting shares, all with a par value of €0.01 each (1,550,617,563 common shares and 408,941,767 special voting shares, all with a par value of €0.01 each at December 31, 2018).

Long Term Incentive Plans

On December 19, 2018, the Board of Directors of FCA ("Board of Directors") resolved to allocate up to a maximum of 50 million common shares under the 2019 - 2021 LTIP (refer to Note 9, *Share-based compensation*), under which equity awards can be granted to eligible individuals. Any issuance of shares during the period from 2019 to 2021 is subject to the satisfaction of certain performance and retention requirements and any issuances to directors are subject to FCA shareholders' approval (refer to Note 9, *Share-based compensation*).

Pursuant to the Articles of Association, the Board of Directors is irrevocably authorized to issue shares (common and special voting shares) and to grant rights to subscribe for shares in the capital of the Company. This authorization is up to a maximum aggregate amount of shares as set out in the Articles of Association, as amended from time to time, and limits or excludes the right of pre-emption with respect to common shares. The Board of Directors' authorization is for a period of five years from October 12, 2014, and expires on October 11, 2019.

On April 12, 2019, the Annual General Meeting of Shareholders ("AGM") resolved to authorize, under certain conditions, the Board of Directors to issue common and special voting shares, to grant rights to subscribe for common and special voting shares, and to limit or exclude pre-emptive rights for common shares. This authorization is for a period of eighteen months up to and including October 11, 2020, starting from the date on which the current authorization expires, October 12, 2019.

Furthermore, the AGM renewed the existing authorization of the Board of Directors, for a period of eighteen months from the date of the AGM, to repurchase up to a maximum of 10 percent of the Company's common shares issued as of the date of the AGM. Pursuant to the authorization, which does not entail any obligation for the Company but is designed to provide additional flexibility, the Board of Directors may repurchase common shares in compliance with applicable regulations, subject to certain maximum and minimum price thresholds.

Dividends paid

On April 12, 2019, the AGM approved the payment of an ordinary annual dividend of €0.65 per common share, equivalent to an aggregate distribution of approximately €1 billion, which was paid on May 2, 2019 to shareholders of record on both MTA and NYSE on April 24, 2019, with an ex-dividend date of April 23, 2019.

On May 2, 2019, FCA announced that its Board of Directors had approved an extraordinary cash distribution of €1.30 per common share, equivalent to a total distribution of approximately €2 billion, paid on May 30, 2019 to shareholders of record on May 21, 2019, with an ex-dividend date of May 20, 2019.

Other comprehensive income/(loss)

Other comprehensive income/(loss) was as follows:

	Three months ended June 30		Six months ended June 30	
	2019	**2018**	**2019**	**2018**
	(€ million)			
Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:				
Losses on re-measurement of defined benefit plans	€ —	€ (5)	€ —	€ (5)
Items relating to discontinued operations	(9)	—	(9)	—
Total items that will not be reclassified to the Consolidated Income Statement (B1)	**(9)**	**(5)**	**(9)**	**(5)**
Items that may be reclassified to the Consolidated Income Statement in subsequent periods:				
(Losses)/gains cash flow hedging instruments arising during the period	(104)	(16)	(198)	126
Gains/(losses) on cash flow hedging instruments reclassified to the Consolidated Income Statement	29	(30)	25	(69)
Total Gains/(Losses) on cash flow hedging instruments	**(75)**	**(46)**	**(173)**	**57**
Foreign exchange (losses)/gains	(215)	348	221	(91)
Share of Other comprehensive income/(loss) for equity method investees arising during the period	(11)	(21)	(15)	(41)
Share of Other comprehensive income/(loss) for equity method investees reclassified to the Consolidated Income Statement	(8)	(11)	(8)	(19)
Total Share of Other comprehensive (loss) for equity method investees	**(19)**	**(32)**	**(23)**	**(60)**
Items relating to discontinued operations	**(4)**	**(60)**	**9**	**(59)**
Total Items that may be reclassified to the Consolidated Income Statement (B2)	**(313)**	**210**	**34**	**(153)**
Total Other comprehensive income/(loss) (B1)+(B2)	**(322)**	**205**	**25**	**(158)**
Tax effect	21	2	48	(26)
Tax effect - discontinued operations	—	1	—	1
Total Other comprehensive income/(loss), net of tax	**€ (301)**	**€ 208**	**€ 73**	**€ (183)**

The tax effect relating to Other comprehensive income/(loss) was as follows:

	Three months ended June 30					
	2019			2018		
	Pre-tax balance	Tax income/ (expense)	Net balance	Pre-tax balance	Tax income/ (expense)	Net balance
	(€ million)					
Gains/(losses) on re-measurement of defined benefit plans	€ —	€ —	€ —	€ (5)	€ 1	€ (4)
(Losses)/gains on cash flow hedging instruments	(75)	21	(54)	(46)	1	(45)
Foreign exchange (losses)/gains	(215)	—	(215)	348	—	348
Share of Other comprehensive income/(loss) for equity method investees	(19)	—	(19)	(32)	—	(32)
Items relating to discontinued operations	(13)	—	(13)	(60)	1	(59)
Total Other comprehensive income/(loss)	**€ (322)**	**€ 21**	**€ (301)**	**€ 205**	**€ 3**	**€ 208**

	Six months ended June 30					
	2019			2018		
	Pre-tax balance	Tax income/ (expense)	Net balance	Pre-tax balance	Tax income/ (expense)	Net balance
	(€ million)					
Gains/(losses) on re-measurement of defined benefit plans	€ —	€ —	€ —	€ (5)	€ 1	€ (4)
(Losses)/gains on cash flow hedging instruments	(173)	48	(125)	57	(27)	30
Foreign exchange gains/(losses)	221	—	221	(91)	—	(91)
Share of Other comprehensive income/(loss) for equity method investees	(23)	—	(23)	(60)	—	(60)
Items relating to discontinued operations	—	—	—	(59)	1	(58)
Total Other comprehensive income/(loss)	**€ 25**	**€ 48**	**€ 73**	**€ (158)**	**€ (25)**	**€ (183)**

18. Earnings per share

Basic earnings per share

Basic earnings per share for the three and six months ended June 30, 2019 and 2018 was determined by dividing the Net profit attributable to the equity holders of the parent by the weighted average number of shares outstanding during each period.

The following table summarizes the amounts used to calculate the basic earnings per share:

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit attributable to owners of the parent	million	€ 4,650	€ 748	€ 5,265	€ 1,764
Weighted average number of shares outstanding	thousand	1,567,216	1,550,298	1,560,680	1,546,225
Basic earnings per share	**€**	**€ 2.97**	**€ 0.48**	**€ 3.37**	**€ 1.14**

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit from continuing operations attributable to owners of the parent	million	€ 788	€ 693	€ 1,297	€ 1,643
Weighted average number of shares outstanding	thousand	1,567,216	1,550,298	1,560,680	1,546,225
Basic earnings per share from continuing operations	**€**	**€ 0.50**	**€ 0.45**	**€ 0.83**	**€ 1.06**

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit from discontinued operations attributable to owners of the parent	million	€ 3,862	€ 55	€ 3,968	€ 121
Weighted average number of shares outstanding	thousand	1,567,216	1,550,298	1,560,680	1,546,225
Basic earnings per share from discontinued operations	**€**	**€ 2.46**	**€ 0.04**	**€ 2.54**	**€ 0.08**

Diluted earnings per share

In order to calculate the diluted earnings per share during the three and six months ended June 30, 2019, the weighted average number of shares outstanding was increased to take into consideration the theoretical effect of the potential common shares that would be issued for the outstanding and unvested PSU awards and RSU awards at June 30, 2019 as determined using the treasury stock method.

For the three and six months ended June 30, 2019, the theoretical effect that would arise if a portion of the RSU awards granted in May 2019 were exercised was not taken into consideration in the calculation of diluted earnings per share as this would have had an anti-dilutive effect.

For the three months ended June 30, 2018, there were no instruments excluded from the calculation of diluted earnings per share because of an anti-dilutive effect.

For the six months ended June 30, 2018, the theoretical effect that would arise if the PSU and RSU awards granted in March 2017 were exercised was not taken into consideration in the calculation of diluted earnings per share as this would have had an anti-dilutive effect.

The following tables summarize the amounts used to calculate the diluted earnings per share for the three and six months ended June 30, 2019 and 2018:

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit attributable to owners of the parent	million	€ 4,650	€ 748	€ 5,265	€ 1,764
Weighted average number of shares outstanding	thousand	1,567,216	1,550,298	1,560,680	1,546,225
Number of shares deployable for share-based compensation	thousand	2,964	18,199	9,623	21,135
Weighted average number of shares outstanding for diluted earnings per share	thousand	1,570,180	1,568,497	1,570,303	1,567,360
Diluted earnings per share	€	**€ 2.96**	**€ 0.48**	**€ 3.35**	**€ 1.13**

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit from continuing operations attributable to owners of the parent	million	€ 788	€ 693	€ 1,297	€ 1,643
Weighted average number of shares outstanding for diluted earnings per share	thousand	1,570,180	1,568,497	1,570,303	1,567,360
Diluted earnings per share from continuing operations	€	**€ 0.50**	**€ 0.44**	**€ 0.83**	**€ 1.05**

		Three months ended June 30		Six months ended June 30	
		2019	2018	2019	2018
Net profit from discontinued operations attributable to owners of the parent	million	€ 3,862	€ 55	€ 3,968	€ 121
Weighted average number of shares outstanding for diluted earnings per share	thousand	1,570,180	1,568,497	1,570,303	1,567,360
Diluted earnings per share from discontinued operations	€	**€ 2.46**	**€ 0.04**	**€ 2.53**	**€ 0.08**

19. Segment reporting

The Group's activities are carried out through five reportable segments: four regional mass-market vehicle segments (North America, LATAM, APAC and EMEA) and Maserati, our global luxury brand segment. These 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", for making strategic decisions, allocating resources and assessing performance, and that exceed the quantitative threshold provided in IFRS 8 – *Operating Segments* ("IFRS 8"), or whose information is considered useful for the users of the financial statements.

The Group's four regional mass-market vehicle reportable segments deal with the design, engineering, development, manufacturing, distribution and sale of passenger cars, light commercial vehicles and related parts and services in specific geographic areas: North America (U.S., Canada, Mexico and Caribbean islands), LATAM (South and Central America), APAC (Asia and Pacific countries) and EMEA (Europe, Middle East and Africa). The Group's global luxury brand reportable segment, Maserati, deals with the design, engineering, development, manufacturing, worldwide distribution and sale of luxury vehicles under the Maserati brand. During the first quarter 2019, our previously reported "NAFTA" segment was renamed "North America" in response to the expected ratification of the United States–Mexico–Canada Agreement ("USMCA"). Other than the change of name, no other changes were made to the segment.

The results of our Magneti Marelli business were previously reported within the Components segment along with our industrial automation systems design and production business and our cast iron and aluminum components business. Following the classification of Magneti Marelli as a discontinued operation during 2018 (refer to Note 2, *Scope of consolidation*), the remaining activities within Components segment are no longer considered a separate reportable segment as defined by IFRS 8 and are reported within "Other activities" below.

Other activities includes the results of our industrial automation systems design and production business and our cast iron and aluminum components business, as well as the activities and businesses that are not operating segments under IFRS 8. In addition, Unallocated items and eliminations includes consolidation adjustments and eliminations. Financial income and expenses and income taxes are not attributable to the performance of the segments as they do not fall under the scope of their operational responsibilities.

Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT") is the measure used by the chief operating decision maker to assess performance, allocate resources to the Group's operating segments and to view operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Adjusted EBIT excludes certain adjustments from Net profit from continuing operations 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 expense/(benefit). See below for a reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Income Statement, to Adjusted EBIT. Operating assets are not included in the data reviewed by the chief operating decision maker, and as a result and as permitted by IFRS 8, the related information is not provided.

The following tables summarize selected financial information by segment three and six months ended June 30, 2019 and 2018:

	Mass-Market Vehicles							
Three months ended June 30, 2019	**North America**	**LATAM**	**APAC**	**EMEA**	**Maserati**	**Other activities**	**Unallocated items & eliminations**	**FCA**
				(€ million)				
Revenues	€ 17,639	€ 2,050	€ 762	€ 5,564	€ 343	€ 782	€ (399)	€ 26,741
Revenues from transactions with other segments	(13)	9	(14)	(20)	(2)	(359)	399	—
Revenues from external customers	**€ 17,626**	**€ 2,059**	**€ 748**	**€ 5,544**	**€ 341**	**€ 423**	**€ —**	**€ 26,741**
Net profit from continuing operations								**€ 793**
Tax expense								€ 317
Net financial expenses								€ 260
Adjustments:								
Impairment expense and supplier obligations[1]	51	—	—	—	62	—	—	113
Gains on disposal of investments	—	—	—	—	—	(7)	—	(7)
Restructuring costs, net of reversals	(9)	—	—	—	—	1	—	(8)
Other[2]	39	2	—	—	9	1	8	59
Adjusted EBIT	**€ 1,565**	**€ 110**	**€ (12)**	**€ 22**	**€ (119)**	**€ (42)**	**€ 3**	**€ 1,527**
Share of profit of equity method investees	€ —	€ —	€ (34)	€ 82	€ —	€ 6	€ —	€ 54

(1) Impairment expense primarily related to North America and Maserati
(2) Included within Other are costs primarily relating to litigation proceedings. Refer to Note 16, Guarantees granted, commitments and contingent liabilities for further details.

Three months ended June 30, 2018	Mass-Market Vehicles							
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Unallocated items & eliminations	FCA
	(€ million)							
Revenues	€ 17,539	€ 2,106	€ 652	€ 6,330	€ 568	€ 564	€ (148)	€ 27,611
Revenues from transactions with other segments	(11)	(3)	(13)	(25)	2	(98)	148	—
Revenues from external customers	**€ 17,528**	**€ 2,103**	**€ 639**	**€ 6,305**	**€ 570**	**€ 466**	**€ —**	**€ 27,611**
Net profit from continuing operations								**€ 694**
Tax expense								€ 377
Net financial expenses								€ 265
Adjustments:								
Impairment expense and supplier obligations[(1)]	—	—	11	142	—	—	11	164
Employee benefits settlement losses[(2)]	78	—	—	—	—	—	—	78
Restructuring costs	—	—	—	—	—	1	—	1
Recovery for costs for recall - airbag inflators[(3)]	(43)	—	—	—	—	—	—	(43)
Other	(2)	—	—	—	—	—	—	(2)
Adjusted EBIT	**€ 1,397**	**101**	**€ (98)**	**€ 188**	**€ 2**	**€ (43)**	**€ (13)**	**€ 1,534**
Share of profit of equity method investees	€ —	€ —	€ (12)	€ 78	€ —	€ 2	€ —	€ 68

(1) Impairment expense of €109 million, primarily in EMEA and APAC, and supplier obligations of €55 million resulting from changes in product plans in connection with the updated business plan.
(2) Charge arising on settlement of a portion of a supplemental retirement plan in North America.
(3) Recovery of amounts accrued in 2016 in relation to costs for recall campaigns related to Takata airbag inflators.

Six months ended June 30, 2019	Mass-Market Vehicles							
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Unallocated items & eliminations	FCA
	(€ million)							
Revenues	€ 33,696	€ 3,982	€ 1,354	€ 10,634	€ 814	€ 1,453	€ (711)	€ 51,222
Revenues from transactions with other segments	(17)	(5)	(25)	(38)	(5)	(621)	711	—
Revenues from external customers	**€ 33,679**	**€ 3,977**	**€ 1,329**	**€ 10,596**	**€ 809**	**€ 832**	**€ —**	**€ 51,222**
Net profit from continuing operations								**€ 1,301**
Tax expense								€ 529
Net financial expenses								€ 504
Adjustments:								
Restructuring costs, net of reversals[1]	26	128	—	37	—	5	—	196
Impairment expense and supplier obligations[2]	87	—	—	6	62	—	—	155
Brazilian indirect tax - reversal of liability/recognition of credits[3]	—	(164)	—	—	—	—	—	(164)
Gains on disposal of investments	—	—	—	—	—	(7)	—	(7)
Other[4]	53	3	—	1	8	(10)	25	80
Adjusted EBIT	**€ 2,609**	**€ 215**	**€ (21)**	**€ 3**	**€ (108)**	**€ (92)**	**€ (12)**	**€ 2,594**
Share of profit of equity method investees	€ —	€ —	€ (54)	€ 160	€ —	€ 9	€ —	€ 115

(1) Restructuring costs of €196 million related to LATAM, EMEA and North America, of which €76 million related to the write-down of Property, plant and equipment and €120 million related to the recognition of provisions for restructuring, of which €55 million was recognized within the LATAM segment, €36 million was recognized within EMEA and €26 million within North America.
(2) Impairment expense primarily related to North America and Maserati.
(3) Recognition of credits for amounts paid in prior years in relation to indirect taxes in Brazil.
(4) Included within Other are costs primarily relating to litigation proceedings. Refer to Note 16, Guarantees granted, commitments and contingent liabilities for further details.

Six months ended June 30, 2018	Mass-Market Vehicles							
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Unallocated items & eliminations	FCA
	(€ million)							
Revenues	€ 33,952	€ 3,996	€ 1,271	€ 11,970	€ 1,322	€ 1,292	€ (459)	€ 53,344
Revenues from transactions with other segments	(20)	(6)	(25)	(45)	(8)	(355)	459	—
Revenues from external customers	**€ 33,932**	**€ 3,990**	**€ 1,246**	**€ 11,925**	**€ 1,314**	**€ 937**	**€ —**	**€ 53,344**
Net profit from continuing operations								**€ 1,645**
Tax expense								€ 591
Net financial expenses								€ 552
Adjustments:								
Impairment expense and supplier obligations[1]	—	—	11	142	—	—	11	164
U.S. special bonus payment[2]	109	—	—	—	—	2	—	111
Employee benefits settlement losses[3]	78	—	—	—	—	—	—	78
Restructuring costs	—	—	—	—	—	2	—	2
Recovery of costs for recall - airbag inflators[4]	(43)	—	—	—	—	—	—	(43)
Recovery of costs for recall - contested with supplier[5]	(63)	—	—	—	—	—	—	(63)
Other	(2)	—	—	—	—	—	—	(2)
Adjusted EBIT	**€ 2,613**	**175**	**€ (88)**	**€ 370**	**€ 88**	**€ (85)**	**€ (38)**	**€ 3,035**
Share of profit of equity method investees	€ —	€ —	€ (7)	€ 153	€ —	€ 9	€ —	€ 155

(1) Impairment expense of €109 million, primarily in EMEA and APAC, and supplier obligations of €55 million resulting from changes in product plans in connection with the updated business plan.
(2) Special bonus payment of $2,000 to approximately 60,000 employees as a result of the Tax Cuts and Jobs Act.
(3) Charge arising on settlement of a portion of a supplemental retirement plan in North America.
(4) Recovery of amounts accrued in 2016 in relation to costs for recall campaigns related to Takata airbag inflators
(5) Recovery of amounts accrued in 2016 in relation to costs for a recall contested with a supplier.

20. Subsequent events

On July 19, 2019, FCA and Crédit Agricole Consumer Finance agreed to extend their 50:50 joint venture, FCA Bank, until December 31, 2024. The agreement will be automatically renewed unless notice of non-renewal is provided no later than three years before end of the term. A notice of non-renewal would trigger certain put and call rights potentially leading to the acquisition of FCA Bank by FCA to preserve its support to FCA business.

Responsibility statement

The Board of Directors is responsible for preparing the Semi-Annual Report, inclusive of the Semi-Annual Condensed Consolidated Financial Statements and the Management Discussion and Analysis, 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 Semi-Annual Condensed Consolidated Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss of FCA and its subsidiaries, and the undertakings included in the consolidation as a whole, and the Management Discussion and Analysis provides a fair review of the information required pursuant to Section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act.

July 31, 2019

The Board of Directors

John Elkann
Michael Manley
Richard Palmer
John Abbott
Andrea Agnelli
Tiberto Brandolini d'Adda
Glenn Earle
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