PRESS RELEASE

THE BOARD OF PIRELLI & C. S.P.A. APPROVES RESULTS TO 30 JUNE 2018

- Revenues posted organic growth of 5.5% to 2,630.3 million euro, the overall variation -2% taking into account the forex effect (-6.9%) and variation in accounting principles (-0.6%)
- Strengthening of High Value segment: +12.7% organic revenue growth, equal to 64.0% of sales (58.2% in first half 2017).
- High Value volumes growing by 13.1%, including +18.3% of Car New Premium ≥18 inches
- Price/mix saw significant improvement: +6.7% in first half 2018 (+5.9% in first half 2017)
- Adjusted Ebit before start-up costs: +6.8% to 473.3 million euro (443 million euro in first half 2017), with a margin on revenues increasing to 18% (16.5% in first half 2017)
- Net profit from continuing operations: +169% to 181.9 million euro (67.6 million euro in first half 2017)
- Net financial position at 3,916.5 million euro (4,176.5 million euro in first half 2017)

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2018 OUTLOOK

- Profitability targets confirmed (Adjusted Ebit before start-up costs >1 billion euro and Adjusted Ebit at ~1 billion euro) and Net Financial Position (~2.3x the NFP/Adjusted Ebitda ratio before start-up costs)
- The strengthening of High Value was confirmed (>60% weight on revenues, >83% weight on Adjusted Ebit before start-up costs); further acceleration in the reduction in the standard segment
- Expected revenues of ~5.4 billion euro; the growth in High Value volumes (≥+13% growth in volumes) and the price mix (+6.5%/+7.5%) was confirmed

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- Ning Gaoning co-opted to the Board and appointed Chairman

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- Approved repurchase of bond issues up to 150 million euro

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As a result of the assignment in the month of March 2017 by Pirelli & C. S.p.A. to the controlling company Marco Polo International Holding Italy S.p.A. of the shares of TP Industrial Holding S.p.A., the company into which were conferred almost the totality of Pirelli's Industrial assets, in continuity with 2017 some residual Industrial activities in Argentina (separation completed in 2018) and in China (separation expected in during 2018) are qualified as "discontinued operations".

Please note also that the comparative data at 30 June 2017 refer to the Carve Out financial statement at 30 June 2017 prepared in accordance with the IAS 34 in order to represent the assets, liabilities, revenues and costs directly attributable solely to Consumer activities, approved by the Board of Directors on 28 July 2017 and included in the registration document prepared for the authorization for admission for listing of Pirelli shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana SpA.

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Milan, 7 August 2018 - A meeting of the Board of Directors of Pirelli & C. S.p.A. today reviewed and approved the results for the six months which ended on June 30, 2018. The first half performance was in line with the path focused on High Value and shows growth of all key economic indicators. In particular:

- the organic growth of revenues thanks to the Pirelli's strengthening position in High Value in all Regions alongside a progressive reduction of the exposure to the standard segment;
- the improvement of price/mix;
- the further increase of profitability by 1.5 percentage points to 18% (Adjusted Ebit margin before start-up costs against revenues);
- the further strengthening of partnerships with Prestige and Premium car makers;
- the increasing of High Value production capacity mainly in Europe and Nafta;
- the reinforcement of distribution coverage in Europe, Nafta, Apac and LatAm;
- the development of business progammes that intercept the new needs of end customers (such as Cyber and Velo). These are accompanied by projects for the digital transformation of the company and the reconversion of Aeolus branded production to Pirelli branded in the Jiaozou Aeolus Car factory.

Sales

Revenues (million euro)	30/06/2018	% of total	30/06/ 2017	% of total	Variation y/y	Organic variation y/y
High Value	1,683.7	64.0%	1,562.3	58.2%	+7.8%	+12.7%
Standard	946.6	36.0%	1,123.0	41.8%	-15.7%	-4.5%
Total	**2,630.3**	**100%**	**2,685.3**	**100%**	**-2.0%**	**+5.5%**

Revenues totaled 2,630.3 million euro with organic growth of 5.5% compared with the first half of 2017 thanks to the positive performance of the High Value segment. Including the forex effect (-6.9%) and the variation of the perimeter due to the application of new IFRS 15 accounting principles on revenues (-0.6%), the total variation on revenues was -2.0%.

Revenue variable		30/06/ 2018
Volumes	***of which High Value +13,1%*** *of which Standard -11,3%*	-1.2%
Price/Mix		+6.7%
Adoption of new IFRS 15 principles		-0.6%
Exchange rates		-6.9%
Total variation		**-2.0%**

High Value revenues posted organic growth of 12.7% to 1,683.7 million euro (+7.8% including the negative effect of exchange rates of -4.9%). High Value represented 64% of total revenues compared with 58.2% in the first half of 2017.

The **volumes of the High Value segment** registered significant growth, of 13.1%, with improved market shares in all geographic regions. In particular, the volumes of New Premium Car tyres, above 18 inches, grew by 18.3% reaching levels above the market trend (+10.2%), thanks to great demand in the Original Equipment channel (+23.1% particularly in Europe and Apac) and the growing demand for Pirelli specialty rim sizes ≥18 inches. The difference in the growth of High Value volumes compared with those of Car ≥18 inches is due to the lower demand for specialty rim sizes ≤17 inches included in High Value in favour of those with higher rim size, and to the slowdown of the Premium motorcycle market (-2.1% in first half of 2018).

Total **volumes** posted a decrease of 1.2% as a result, on the one hand, of the great volume growth of High Value and, on the other, the 11.3% fall in standard volumes. This trend reflects the fall in demand for standard in mature markets (Europe, Nafta and Apac), the negative effect of a transporters' strike in Brazil in May and Pirelli's decision to accelerate the reduction of volumes of lower profitability products in Europe, Latam, MEAI and Apac.

The marked improvement of **price/mix** of +6.7% (+5.9% in first half 2017) thanks to the Pirelli value strategy focused on the growing weight of High Value and the improvement of the mix in the Standard segment. The improvement in the price/mix in the second quarter was 6.2%, slightly lower than that of the first quarter (+7.2%), as a consequence of the greater weight of sales in Original Equipment thanks to the great demand for Car ≥18'', a different regional mix, with an increase of sales in Apac and a higher basis for comparison in consideration of the price increases implemented beginning in April 2017.

The performance of exchange rates was negative (-6.9% compared with +2.6% in the first half of 2017) due to the strengthening of the euro against the dollar and the volatility of the Chinese currency and currencies of emerging countries (Brazil, Russia and Argentina) compared with the euro.

Profitability

Profitability (euro millions)	30/06/2018	% of revenues	30/06/2017	% of revenues	Variation y/y
Adjusted Ebitda before start-up costs	**608.3**	**23.1%**	**566.8**	**21.1%**	**+7.3%**
Adjusted Ebitda	587.9	22.4%	546.4	20.3%	+7.6%
Adjusted Ebit before start-up costs	**473.3**	**18.0%**	**443.0**	**16.5%**	**+6.8%**
Adjusted Ebit	450.1	17.1%	416.2	15.5%	+8.1%

Adjusted Ebitda before start-up costs on 30 June 2018 was 608.3 million euro, an increase of 7.3% compared with 566.8 million euro in the same period of 2017.

Adjusted Ebit before start-up costs grew by 6.8% to 473.3 million euro compared with 443 million euro in the same period of 2017. The improvement is linked to the effect of internal levers such as price/mix and efficiencies, which more than offset the increase in the cost of raw materials, costs' inflation (particularly in emerging markets), greater amortizations and other costs linked to business development, the negative effect of exchange rates and decrease of volumes mainly due to the progressive reduction in the standard segment.

The Adjusted Ebit margin before start-up costs was 18%, an increase compared with 16.5% in the same period of 2017. Over the course of the first half of 2018, the costs relative to new start-up programmes, such as the consolidation of Jiaozou Aeolus Car where the conversion to the Pirelli brand, the launch of new activities such as Cyber and Velo, and the company's digital transformation projects were 23.2 million euro (26.8 million euro in first half 2017). In the second quarter, the Adjusted Ebit margin before start-up costs was 18.5% compared with 17.5% in the first quarter of 2018 and 16.6% in the second quarter of 2017.

Adjusted Ebit was 450.1 million euro, an increase of 8.1% compared with 416.2 million euro in the same period of 2017, with a margin on sales improving by 1.6 percentage points to 17.1% compared with 15.5% in the first half of 2017.
Ebit was 377.7 million euro, an increase of 18.7% compared with 318.2 million euro in the first half of 2017.

Performance by geographic area

Revenues (euro millions)	30/06/2018	% of total 30/06/2018	% of total 30/06/2017	Variation y/y	Organic variation y/y
Europe	1,155.4	43.9%	42.0%	+2.3%	+4.1%
Nafta	487.0	18.5%	18.7%	-2.9%	+7.5%
Apac	431.4	16.4%	14.5%	+10.6%	+15.2%
Latam	354.9	13.5%	17.0%	-22.2%	-2.2%
Russia & CIS	88.8	3.4%	3.2%	+4.4%	+17.0%
Meai	112.8	4.3%	4.6%	-8.5%	-1.1%
Total	**2,630.3**	**100%**	**100%**	**-2.0%**	**+5.5%**

At the geographic level, **Europe** posted in the first half of 2018 organic growth of +4.1% (+2.3% including the forex effect of -0.5% and the effect of adopting new IFRS 15 accounting principles of -1.4%) sustained by the performance of High Value (organic growth +11.2%). Profitability stood at the mid-teens level, an improvement compared with the first half of 2017 mainly as a consequence of the continued improvement of the mix.

Nafta registered organic growth of revenues of +7.5% (-2.9% including the forex effect of -10.4%) thanks to the good performance of High Value (+7.4% organic growth) as a result of the sustained growth of the Replacement channel, the introduction of all season products and greater penetration of the retail channel. Profitability stood at the high-teens level, slightly lower compared with the first half of 2017 mainly due to forex impacts.

Apac achieved the highest profitability of all the macro-areas, at the twenties level, an improvement compared with the first half of 2017. Total revenues in the Apac area increased, above all thanks to the performance of High Value, by +15.2% compared with the first half of 2017. Including the negative forex impact (-4.6%) revenue growth was +10.6%. High Value revenues increased at the organic level by 25.7% thanks to the greater exposure to Original Equipment, which counts new supply and homologations for local and European brands and increased market share in the Replacement channel.

In the **Latam** area profitability was at mid-single-digit levels mainly due to ongoing improvement actions and reconversion of the mix. During the first half of 2018 revenues posted an organic variation of -2.2% (-22.2% including a negative forex impact of -19.8%), due to a 9.4% fall in volumes as a consequence of:

- the weakness of the market, particularly exacerbated in the second quarter of the year (-4.3% in the total market, -7.2% in the Replacement channel) due to the negative impact of the transport strike in Brazil, which blocked the entire economy for 12 days in May. The situation gradually returned to normal with the resumption of car production already in June, while tyre sales in the Replacement channel were reduced by the uncertainties of the economic and political scenario;
- the continuing focus on the mix, with the progressive reduction of the Standard segment;
- the destination of part of the export production to North America in consideration of the growing demand for High Value products;

The strategic focus on the more profitable segments and recovery of the market had a positive impact of the first half results in **Russia**, with a further improvement of profitability to the high-teens level (low-teens in the same period of 2017). Revenues registered organic growth of 17.0% (+4.4% including the negative impact of exchange rates of 12.6%).

Meai registered profitability in the mid-teens level, a slight decline compared with the same period of 2017 as a result of the performance of exchange rates. Revenues registered an organic variation of -1.1%, (-8.5% including the forex impact), as a result of the reduction of volumes in the Standard segment.

Net result and net financial position

The **result from shareholdings** on 30 June 2018 was negative for 4.5 million euro, a marked improvement compared with the -12.9 million euro in the same period of 2017. The variation refers mainly to the positive effect of the evaluation at fair value of the stake held in Mediobanca until January 11, 2018.

The net result from continuing operations (Consumer) on 30 June 2018 was 181.9 million euro, an increase of 169% compared with 67.6 million euro on 30 June 2017. The result reflects, as well as the improvement of the operating result and the result from shareholdings, also the **lower net financial charges** of 108.4 million euro (118 million euro in the first half of 2018 compared with 226.4 million euro in the first half of 2017). This mainly reflects the favorable comparison with regard to the prior six month period when charges of 61.2 million euro were sustained deriving from the earlier closure of the old financing reimbursed in June 2017, the reduction of debt, the repricing of the group's main bank line, which took place in January 2018, and from the reduction of interest rates in Brazil.

The **net result from discontinued operations**, which refers to some residual Industrial operations, was negative for 4.7 million euro.

The **total net result** was positive for 177.2 million euro compared with a positive value of 67.6 million euro in the same period of 2017 (which did not include the result of discontinued operations).

The **net cash flow from operations' management** on 30 June 2018 was negative for 589.0 million euro (-437.6 million euro in the same period of 2017) and incorporates investments of 179.2 million euro mainly destined to increasing High Value capacity in Europe and in the Nafta area, the strategic reconversion of Standard capacity into High Value in Brazil and constant improvement of the mix and the quality of all factories, the performance of the net cash flow from operations' management is mainly linked to the variation in working capital (997.7 million euro of absorption in the first half of 2018 compared with 767.9 million euro in the first half of 2017) which reflects:

- the growth of commercial credits, in line with the traditional seasonality of the business;
- the reduction of commercial debts;
- an increase of inventories as a result of the truck drivers ' strike in Brazil, the slowdown in the Original Equipment market in Nafta, and the improvement of the High Value service.

In the second quarter the net cash flow from operations' management was positive for 137 million euro.

The **net cash flow before extraordinary operations** was negative on 30 June 2018 for 693 million euro compared with a negative value of 756.7 million euro registered in the first half 2017. The **total cash flow** was negative for 698 million euro (positive 784.2 million euro in the same period of 2017 mainly as an effect of the capital increase underwritten by Marco Polo), and includes the negative effect for 5 million euro deriving from the re-organization of the industrial segment (relative to the disposal of part of the residual Industrial assets in China and to the change in working capital relating to discontinued operations), the impact of which in the first half of 2017 was positive for 351.5 million euro.

The **net financial position** on 30 June 2018 was negative for 3,916.5 million euro compared with 4,176.5 million euro in the first half of 2017 and 3,218.5 million euro on 31 December 2017.

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The net result pertaining to the **Parent Company** was 172.0 million euro, compared to +67 million euro of the first half of 2017 (which did not include the result of discontinued operations).

End 2018 outlook

(euro millions)	2017	2018
Revenues	*5,352.3*	*~5,400 (y/y)*
High Value weight on revenues	*57.5%*	*>60%*
Adjusted Ebit before start-up costs	*926.6*	*>1,000*
High Value weight on Adjusted Ebit	*~83%*	*>83%*
Start- up costs	*50*	*~ 40*
Adjusted Ebit	*876.4*	*~1,000*
Net financial position/Adjusted Ebitda before start-up costs	*2.7X*	*~2.3X*
CapEx	*489*	*~460*

The 2018 forecast figures confirm the operating performance indicated on 14 May last, notwithstanding the greater exchange rate volatility and the decision to accelerate the reduction of exposure in the Standard segment with lower profitability. These forecasts are in line with the 2017-2020 business plan value strategy, centred on the High Value focus.

For 2018, based on first half results, Pirelli anticipates:

- Revenues of around 5.4 billion euro with organic growth of around 7% thanks to the strengthening of High Value which will represent over 60% of revenues;
- Growth in High Value Volumes (≥+13%) confirmed, while the reduction in exposure to the Standard segment continued, with an acceleration in the exit from smaller rim sizes and reduced profitability (approximately -9% the trend in standard volumes, -6%/-5% the previous indication). Total expected volumes unchanged compared to 2017;
- Price/mix improvement confirmed (+6.5%/+7.5%);
- Foreign exchange expectations revised: from -5%/-4.5% to -6%/-5% due to higher exchange rate volatility in emerging countries;
- Profitability forecasts are confirmed, with an Adjusted Ebit before start-up costs expected to exceed 1 billion euro. The effect deriving from the greater exchange rate volatility and lower volumes, due to the progressive further reduction on Standard, is offset by:
    - a greater price/mix contribution (~+15 million euro compared to the previous indication);
    - a lesser impact deriving from the costs of raw materials (expected positive impact of around 17 million euro);
    - lower costs of around 20 million euro related to the rationalization of Standard volumes, mainly in South America
- The impact of the High Value segment on Adjusted Ebit before start-up costs is expected to be higher than 83%;
- Start-up costs at around 40 million euro confirmed;
- Adjusted Ebit expected at around 1 billion euro confirmed;
- Relationship between net financial position and Adjusted Ebitda before start-up costs equal to approximately 2.3 times confirmed;
- CapEx amounting to around 460 million euro, in line with previous indications.

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Approved repurchase of bond issues up to 150 million euro

The Pirelli Board of Directors – with reference to the bond called "*Pirelli & C. S.p.A 600,000,000 euro 1,375 per cent Guaranteed Notes due 25 January 2023*" (ISIN: XS1757843146) – issued by Pirelli & C Spa as part of the 2 billion euro EMTN programme and listed on the Luxembourg Stock Exchange – approved the continuance of the purchase transactions of these bonds for a total nominal value of a maximum of 150 million euro. The purchase transactions, with direct counterpart on the market, will be carried out by a leading international intermediary within the terms and conditions of the loan regulations and applicable provisions. These transactions, directed at the subsequent cancellation of the securities purchased, will take place as part of usual activity in the pro-active management of the company's financial profile.

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Ning Gaoning co-opted to the Board and appointed Chairman

On the proposal of the Executive Vice Chairman and CEO Marco Tronchetti Provera, the Board of Directors of Pirelli proceeded today with the co-option of Ning Gaoning and his appointment as Chairman of the Board of Directors, replacing Ren Jianxin, who resigned on 30 July 2018. Ning Gaoning - who has declared not to be in possession of the independence requirements pursuant to the TUF and the Self-Regulatory Code - has been qualified by the Board as non-executive director and has been assigned the legal representation of the Company under the Article of Association.
The Board also appointed the new Director as a member of the Appointments and Successions Committee.
The curriculum vitae of Ning Gaoning is available to the public on the website www.pirelli.com.

Events after 30 June 2018

On **26 July 2018**, Pirelli & C. S.p.A. concluded a "Schuldschein" financing, already approved by the Board of Directors on 22 June 2018, for a total of 525 million euro. The financing, guaranteed by Pirelli Tyre and subscribed by leading market operators, consists of a 82 million euro tranche with 3-year maturity, a 423 million euro tranche with a 5-year maturity, and a 20 million euro tranche with 7-year maturity. The transaction is intended to repay existing debt, further optimising its structure and costs.

On **1 August 2018**, Pirelli announced that it had reached a preliminary agreement with the Hixih Group, for the creation of a Joint Venture that will hold a new Consumer tyre production plant in China. The terms of the agreement anticipate that Pirelli has the operational management of the plant and acquires a 49% stake in the JV for about 65 million euro, with the right to increase it up to 70% in the period between 1 January 2021 and December 2025.

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Conference call

The results to June 30, 2018, will be illustrated today, August 7, 2018, at 18.30 in a conference call with the participation of the Executive Vice Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able to follow the presentation by telephone, without the possibility of asking questions, by calling **+39 02 805 88 27.** The presentation will also be available via webcasting – in real time – at www.pirelli.com in the Investors section, where the slides will also be visible.

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The bi-annual financial report to June 30, 2018 will be available to the public by the end of today at the Company's legal headquarters, as well as being published on the Company's website (www.pirelli.com) and via the storage mechanism eMarket Storage (www.emarketstorage.com).

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

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ALTERNATIVE PERFORMANCE INDICATORS

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

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

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

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

  - the amortisation of intangible assets related to assets recognised as a consequence of Business Combinations, operational costs due to non-recurring and restructuring expenses and, with reference to the first half-year of 2018, the expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
  - non-recurring costs/income recognised under financial income and expenses;
  - non-recurring costs/income recognised as a tax item, as well as the tax impact relative to the adjustments referred to in the previous points.

- **Fixed assets related to continuing operations:** this measure is constituted of the sum of the items *"Property, plant and equipment", "Intangible assets", "Investments in associates and joint ventures"* and *"Other financial assets at fair value recognised in the Statement of Comprehensive Income";*
- **Operating working capital related to continuing operations:** this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables";*
- **Net working capital related to continuing operations:** this measure consists of the operating working capital and other receivables and payables not included in the *"Net financial liquidity/(debt) position";*
- **Provisions:** this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Employee benefit obligations (current and non-current)"* and *"Provisions for deferred taxes";*
- **Net financial (liquidity)/debt position:** this measure is represented by the gross financial debt less cash and cash equivalents as well as financial receivables.

(In millions of euro)	**06/30/2018**	**06/30/2017 Carve-out**	**12/31/2017**
Net sales	**2,630.3**	**2,685.3**	**5,352.3**
EBITDA adjusted without start-up costs	608.3	566.8	1,175.1
% of net sales	23.1%	21.1%	22.0%
EBITDA adjusted	**587.9**	**546.4**	**1,137.7**
% of net sales	22.4%	20.3%	21.3%
EBIT adjusted without start-up costs	473.3	443.0	926.6
% of net sales	18.0%	16.5%	17.3%
EBIT adjusted (°)	**450.1**	**416.2**	**876.4**
% of net sales	17.1%	15.5%	16.4%
EBIT	**377.7**	**318.2**	**673.6**
% of net sales	14.4%	11.8%	12.6%
Net income (loss) from equity investments	(4.5)	(12.9)	(6.9)
Financial income/(expenses)	(118.0)	(226.4)	(362.6)
Net income (loss) before tax	**255.2**	**78.9**	**304.1**
Tax expenses	(73.3)	(11.3)	(40.8)
Tax rate %	(28.7%)	(14.3%)	(13.4%)
Net income (loss) related to continuing operations (Consumer)	**181.9**	**67.6**	**263.3**
Eanings/(loss) per share related to continuing operations (in euro per share)	0.18	0.10	0.31
Net income (loss) related to continuing operations (Consumer) adjusted	232.6	159.0	386.8
Net income (loss) related to discontinued operations (Industrial)	(4.7)	n.a.	(87.6)
Total net income (loss)	**177.2**	**67.6**	**175.7**
Net income attributable to the Parent Company	172.0	67.0	176.4
Fixed assets related to continuing operations	**8,881.2**	**9,131.5**	**9,121.0**
Inventories	983.3	937.1	940.7
Trade receivables	864.4	968.4	652.5
Trade payables	(1,052.2)	(1,139.8)	(1,673.6)
Operating working capital related to continuing operations	**795.5**	**765.7**	**(80.4)**
% of net sales (°°)	15.1%	14.3%	(1.5%)
Other receivables/other payables	113.5	189.8	(42.2)
Net working capital related to continuing operations	**909.0**	**955.5**	**(122.6)**
% of net sales (°°)	17.3%	17.8%	(2.3%)
Net invested capital held for sale	**38.6**	**n.a.**	**60.7**
Net invested capital	**9,828.8**	**10,087.0**	**9,059.1**
Equity	**4,323.2**	**4,057.3**	**4,177.0**
Provisions	1,589.1	1,853.2	1,663.6
Net financial (liquidity)/debt position	**3,916.5**	**4,176.5**	**3,218.5**
Equity attributable to the Parent Company	4,242.9	3,999.9	4,116.7
Investments in property, plant and equipment and intangible assets	179.2	215.7	489.4
Research and development expenses	116.8	111.5	221.5
% of net sales	4.4%	4.2%	4.1%
Research and development expenses - High Value	106.8	99.0	199.9
% on sales High Value	6.3%	6.3%	6.5%
Employees (headcount at end of period)	31,526	30,828	30,189
Industrial sites (number)	19	19	19

(°) Adjustments refer to amortization of intangible assets identified during PPA amounting to 57.3 millions of euro (euro 52.3 millions in the first half of 2017 and euro 109.6 millions in 2017), non recurring and restructuring expenses amounting to euro 15.1 millions (euro 45.7 millions in the first half of 2017 and euro 93.2 millions in 2017) and expenses relating to the retention plan approved by the Board of Directors on February 26, 2018 amounting to euro 8.6 millions.

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

Cashflow Statement

(in millions of euro)	2018 1 Q	2018 2 Q	2018 1H	1H 2017 Carve-out
EBIT adjusted	218.4	231.7	450.1	416.2
Amortisation and depreciation (excluding PPA amortization)	69.7	68.1	137.8	129.8
Investments in property, plant and equipment and intangible assets	(85.3)	(93.9)	(179.2)	(215.7)
Change in working capital/other	(928.8)	(68.9)	(997.7)	(767.9)
Operating net cash flow	**(726.0)**	**137.0**	**(589.0)**	**(437.6)**
Financial income/(expenses)	(55.2)	(62.8)	(118.0)	(226.4)
Taxes paid	(31.1)	(36.2)	(67.3)	(51.8)
Financial (investments) / disinvestments	155.0	0.2	155.2	(2.5)
Acquisition of minorities	(18.5)	-	(18.5)	-
Cash Out for non-recurring and restructuring expenses	(38.2)	(11.9)	(50.1)	(16.5)
Liquidation Drahtcord Saar	-	-	-	(5.5)
Differences from foreign currency translation/other	(11.7)	6.4	(5.3)	(16.4)
Net cash flow before extraordinary transactions	**(725.7)**	**32.7**	**(693.0)**	**(756.7)**
Industrial reorganization	5.3	(10.3)	(5.0)	351.5
Share capital increase subscribed by Marco Polo	-	0.0	-	1,189.4
Net cash flow	**(720.4)**	**22.4**	**(698.0)**	**784.2**