



FIAT CHRYSLER AUTOMOBILES

**Semi-Annual Report**

**As of and for the three and six months ended June 30, 2020**

## TABLE OF CONTENTS

	<u>Page</u>
<u>CERTAIN DEFINED TERMS</u>	<u>3</u>
<u>MANAGEMENT DISCUSSION AND ANALYSIS</u>	<u>5</u>
<u>COVID-19 update</u>	<u>5</u>
<u>Highlights</u>	<u>7</u>
<u>Non-GAAP Financial Measures</u>	<u>8</u>
<u>Group Results</u>	<u>10</u>
<u>Results by Segment</u>	<u>19</u>
<u>Liquidity and Capital Resources</u>	<u>32</u>
<u>Important Events</u>	<u>38</u>
<u>Risks and Uncertainties</u>	<u>39</u>
<u>Outlook</u>	<u>41</u>
<u>SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020</u>	<u>42</u>
<u>Semi-Annual Condensed Consolidated Income Statement</u>	<u>43</u>
<u>Semi-Annual Condensed Consolidated Statement of Comprehensive Income</u>	<u>44</u>
<u>Semi-Annual Condensed Consolidated Statement of Financial Position</u>	<u>45</u>
<u>Semi-Annual Condensed Consolidated Statement of Cash Flows</u>	<u>46</u>
<u>Semi-Annual Condensed Consolidated Statement of Changes in Equity</u>	<u>47</u>
<u>Notes to the Semi-Annual Condensed Consolidated Financial Statements</u>	<u>48</u>
<u>1. Basis of preparation</u>	<u>48</u>
<u>2. Scope of consolidation</u>	<u>51</u>
<u>3. Net revenues</u>	<u>53</u>
<u>4. Net financial expenses</u>	<u>55</u>
<u>5. Tax (benefit)/expense</u>	<u>55</u>
<u>6. Goodwill and intangible assets with indefinite useful lives</u>	<u>56</u>
<u>7. Other intangible assets</u>	<u>57</u>
<u>8. Property, plant and equipment</u>	<u>58</u>
<u>9. Trade and other receivables</u>	<u>58</u>
<u>10. Inventories</u>	<u>59</u>
<u>11. Share-based compensation</u>	<u>59</u>
<u>12. Employee benefits liabilities</u>	<u>60</u>
<u>13. Provisions</u>	<u>61</u>
<u>14. Debt</u>	<u>62</u>
<u>15. Other liabilities</u>	<u>64</u>
<u>16. Fair value measurement</u>	<u>64</u>
<u>17. Related party transactions</u>	<u>67</u>
<u>18. Guarantees granted, commitments and contingent liabilities</u>	<u>68</u>
<u>19. Equity</u>	<u>71</u>
<u>20. Earnings per share</u>	<u>73</u>
<u>21. Segment reporting</u>	<u>75</u>
<u>22. Subsequent events</u>	<u>77</u>
<u>RESPONSIBILITY STATEMENT</u>	<u>78</u>

## 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 and its predecessor prior to the completion of the merger of Fiat S.p.A. with and into Fiat Investments N.V. on October 12, 2014 (the “2014 Merger”, at which time Fiat Investments N.V. was renamed Fiat Chrysler Automobiles N.V., or “FCA NV”), or any one or more of them, as the context may require. References to “Fiat” refer solely to the Fiat brand and “Fiat S.p.A.” refer to Fiat S.p.A., the predecessor of FCA NV prior to the 2014 Merger. References to “FCA US” refer to FCA US LLC, formerly known as Chrysler Group 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:

- the extent and duration of the COVID-19 pandemic’s impact on supply chains, the Group’s production and distribution channels, demand in the Group’s end markets, and the broader impact on financial markets and the global economy;
- 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 cyclicalities;
- 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 automated-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;
- our ability to complete, and realize expected synergies following completion of, our proposed merger with Peugeot S.A., including the expected cumulative implementation costs;

- 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 in certain emerging markets;
- 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, including any work stoppages, 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

### COVID-19 update

During the first half of 2020, the COVID-19 virus spread worldwide and was declared a pandemic by the World Health Organization on March 11, 2020. In response, many governments in affected jurisdictions imposed travel bans, quarantines and other emergency public safety measures. For example, governments have imposed restrictions on travel and the movement and gathering of people, as well as restrictions on economic activity. At July 31, 2020, many of these measures are still in place.

As the severity of the COVID-19 pandemic became apparent, FCA leadership took actions to protect our employees and communities, as well as strengthen our financial position and limit the impact on our financial performance.

The Group implemented a temporary suspension of production across its facilities: in APAC starting with China on January 23; in EMEA, starting with Italy from March 11; in Maserati beginning March 12; in North America phased-in progressively from March 18; and in LATAM on March 23. The Group also implemented remote working arrangements, where feasible, across all regions at various stages during the first quarter, and has restricted both domestic and international business travel since late February. These arrangements were structured to ensure continuation of critical activities, including, but not limited to, appropriate functioning of our internal controls and financial reporting systems and processes.

The Group worked closely with all relevant stakeholders, including unions and dealer representatives, to develop and implement plans to restart production and vehicle sales once governments in various jurisdictions permitted, including the development of enhanced sanitizing and health and safety procedures. On February 19 and February 24, 2020, production restarted at our GAC Fiat Chrysler Automobiles Co. joint venture plants in Guangzhou and Changsha, China, respectively. On April 27, 2020, production restarted at our Sevel joint venture plant in Atessa, Italy. Production restarted in all North American plants by June 1, 2020; in India on May 18, 2020; and in Latin America by May 11, 2020. European production has resumed and a full restart is expected in the third quarter of 2020. Return to work procedures for our offices and other facilities will also be phased in with expected continued widespread use of remote working practices.

During the six months ended June 30, 2020, the Group took several key actions to secure its liquidity and financial position, including drawing on existing bilateral lines of credit totaling €1.5 billion and securing an additional incremental bridge credit facility of €3.5 billion, structured as a bridge to capital markets, which was available to be drawn beginning in April and replaced as noted below. In addition, measures were taken to reduce cash outflows, including: a suspension of a significant number of capital expenditure programs; delaying non-essential spending; temporary lay-offs, salary cuts and deferrals; and significant reductions to marketing and other discretionary spend. On April 21, 2020, the Group drew down its €6.25 billion syndicated revolving credit facility. On June 24, 2020, the Group announced that FCA Italy S.p.A., a wholly owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group had signed a 3-year, €6.3 billion credit facility with Intesa Sanpaolo, Italy's largest banking group. On July 1, 2020, the Group confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on July 7, 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) € 1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaces in full the €3.5 billion bridge credit facility above, which was previously fully undrawn and was fully cancelled on July 7, 2020, in connection with the settlement of the notes offering.

The Group has also taken actions to support the wider community in the countries in which we operate, including: producing protective masks for healthcare workers and first responders, with over one million shipped during the first quarter; in North America and EMEA working with medical equipment manufacturers to support production of ventilators, other medical equipment and personal protective equipment, such as Siare Engineering International Group (Bologna, Italy); in APAC the Group donated personal protective equipment and vehicles; Maserati provided funding scholarships at medical schools; in LATAM, FCA worked on the creation of a makeshift field hospital close to our plants in Brazil, with a further two under construction in Argentina and Brazil, the production of face shields, vehicle fleet support and engineering and production assistance for the manufacturing and servicing of ventilators.

On March 18, 2020, due to the continued uncertainty of market conditions and regional operating restrictions related to the evolving COVID-19 pandemic, the Group withdrew its FY 2020 Guidance. Refer to *Outlook* included elsewhere in this Semi-Annual Report for expectations for the second half of 2020.

On April 3, 2020, FCA announced that the Annual General Meeting of the Company's shareholders ("AGM") scheduled for April 16, 2020 would be postponed to late June 2020, including the postponement of the resolution on the proposed 2019 €1.1 billion ordinary dividend. Further to the planned 50/50 merger of their businesses announced in December 2019, on May 13, 2020, the board of directors of Fiat Chrysler Automobiles N.V. and the managing board of Peugeot S.A. announced the decision by each company to not distribute an ordinary dividend in 2020 related to financial year 2019, in light of the impact from the COVID-19 crisis. The postponed AGM was held on June 26, 2020.

Refer to the following sections for discussion of the related impacts on the results of the Group and mitigating actions taken to protect our workforce, support our communities and manage our liquidity:

- *MANAGEMENT DISCUSSION AND ANALYSIS - Group Results*
- *MANAGEMENT DISCUSSION AND ANALYSIS - Results by Segment*
- *MANAGEMENT DISCUSSION AND ANALYSIS - Liquidity and Capital Resources*
- *Important Events*
- *Risks and Uncertainties*
- *Outlook*
- *Semi-Annual Condensed Consolidated Financial Statements*

## Highlights - from continuing operations

Unless otherwise stated, all figures below exclude results from discontinued operations:

Three months ended June 30,			Six months ended June 30,		
2020	2019	(€ million, except shipments, which are in thousands of units, and per share amounts)	2020	2019	
424	1,157	Combined shipments <sup>(1)</sup>	1,242	2,194	
392	1,128	Consolidated shipments <sup>(2)</sup>	1,188	2,128	
11,707	26,741	Net revenues	32,274	51,222	
(928)	1,527	Adjusted EBIT <sup>(3)</sup>	(876)	2,594	
(1,048)	793	Net (loss)/profit from continuing operations	(2,742)	1,301	
(1,039)	928	Adjusted net (loss)/profit <sup>(4)</sup>	(1,510)	1,498	
—	3,859	Profit from discontinued operations, net of tax <sup>(5)</sup>	—	3,970	
(1,048)	4,652	Net (loss)/profit (including discontinued operations)	(2,742)	5,271	
(Loss)/earnings per share - including discontinued operations <sup>(6)</sup>					
(0.66)	2.97	Basic (loss)/earnings per share (€)	(1.74)	3.37	
(0.66)	2.96	Diluted (loss)/earnings per share (€)	(1.74)	3.35	
(Loss)/earnings per share from continuing operations <sup>(6)</sup>					
(0.66)	0.50	Basic (loss)/earnings per share (€)	(1.74)	0.83	
(0.66)	0.50	Diluted (loss)/earnings per share (€)	(1.74)	0.83	
(0.65)	0.59	Adjusted diluted (loss)/earnings per share <sup>(7)</sup> (€)	(0.96)	0.96	
Dividends paid, per share					
—	0.65	Ordinary dividends paid, per share (€)	—	0.65	
—	1.30	Extraordinary dividends paid, per share (€)	—	1.30	
			<b>Six months ended June 30,</b>		
			<b>2020</b>		<b>2019</b>
(€ million)			€		€
Cash flows from operating activities			(6,032)		3,751
<i>Of which: Cash flows from continuing operations</i>			(6,032)		4,059
<i>Of which: Cash flows (used in)/from discontinued operations<sup>(8)</sup></i>			—		(308)
Industrial free cash flows <sup>(9)</sup>			(9,972)		484

(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 (on May 2, 2019) of Magneti Marelli and related tax expense of €2 million.

(6) Refer to Note 20, 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) For the six months ended June 30, 2019, includes only cash flows relating to third parties and excluding intercompany of €(200) million.

(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 (loss)/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 International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as well as IFRS as adopted by the European Union.

*Adjusted EBIT:* excludes certain adjustments from Net (loss)/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 (loss)/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 (loss)/profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

*Adjusted net (loss)/profit:* is calculated as Net (loss)/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 (loss)/profit is one of the metrics used in the determination of the annual performance bonus 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 (loss)/profit from continuing operations, which is the most directly comparable measure included in our Semi-Annual Condensed Consolidated Income Statement. Adjusted net (loss)/profit should not be considered as a substitute for Net (loss)/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 (loss)/earnings per share from continuing operations for the impact per share of the same items excluded from Adjusted net (loss)/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 (loss)/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 (loss)/earnings per share, Diluted (loss)/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 (loss)/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, 2020 compared to the three and six months ended June 30, 2019.

Three months ended June 30,			Six months ended June 30,		
2020	2019	(€ million)	2020	2019	
€ 11,707	€ 26,741	Net revenues	€ 32,274	€ 51,222	
11,043	23,089	Cost of revenues	29,921	44,270	
1,041	1,573	Selling, general and other costs	2,480	3,090	
576	782	Research and development costs	1,509	1,455	
31	58	Result from investments	73	116	
(1)	7	(Losses)/gains on disposal of investments	4	7	
23	(8)	Restructuring costs	43	196	
237	260	Net financial expenses	450	504	
<b>(1,183)</b>	<b>1,110</b>	<b>(Loss)/profit before taxes</b>	<b>(2,052)</b>	<b>1,830</b>	
(135)	317	Tax (benefit)/expense	690	529	
<b>(1,048)</b>	<b>793</b>	<b>Net (loss)/profit from continuing operations</b>	<b>(2,742)</b>	<b>1,301</b>	
—	3,859	Profit from discontinued operations, net of tax	—	3,970	
<b>€ (1,048)</b>	<b>€ 4,652</b>	<b>Net (loss)/profit</b>	<b>€ (2,742)</b>	<b>€ 5,271</b>	
<b>Net (loss)/profit attributable to:</b>					
€ (1,038)	€ 4,650	Owners of the parent	€ (2,734)	€ 5,265	
€ (10)	€ 2	Non-controlling interests	€ (8)	€ 6	
<b>Net (loss)/profit from continuing operations attributable to:</b>					
€ (1,038)	€ 788	Owners of the parent	€ (2,734)	€ 1,297	
€ (10)	€ 5	Non-controlling interests	€ (8)	€ 4	
<b>Net profit from discontinued operations attributable to:</b>					
€ —	€ 3,862	Owners of the parent	€ —	€ 3,968	
€ —	€ (3)	Non-controlling interests	€ —	€ 2	

## COVID-19 impacts

The COVID-19 pandemic had significant negative impacts on FCA's results for the six months ended June 30, 2020. The contraction of global demand, temporary suspensions of production in all regions and closure of a majority of dealerships during the first quarter significantly contributed to reduced combined shipments, which continued into the second quarter with continued market and production disruption, down 63% for three months ended June 30, 2020 and 43% for the six months ended June 30, 2020, as compared to the same periods in 2019. Related reductions, for the three and six months ended June 30, 2020, as compared to the same periods in 2019, in both *Net revenues* (of 56% and 37%, respectively) and *Cost of revenues* (of 52% and 32%, respectively). *Selling, general and other costs* were down 34% for the three months ended June 30, 2020 and 20% for the six months ended June 30, 2020, as compared to the same periods in 2019, due to lower volumes and mitigating actions, including reductions in marketing expenses. Adjusted EBIT was down 161% for the three months ended June 30, 2020 and down 134% for the six months ended June 30, 2020, as compared to the same periods in 2019. Industrial free cash outflows of €10.0 billion during the six months ended June 30, 2020, primarily reflected negative working capital impacts of €5.5 billion, with capital expenditures of €4.0 billion, up €0.7 billion, primarily relating to the first quarter, partially offset by the suspension of a significant number of capital expenditure programs in the second quarter.

## Net revenues

Three months ended June 30,		Increase/(Decrease)		(€ million)	Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
€ 11,707	€ 26,741	(56.2)%	(55.9)%	Net revenues	€ 32,274	€ 51,222	(37.0)%	(37.3)%

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).

## Cost of revenues

Three months ended June 30,		Increase/(Decrease)		(€ million)	Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
€ 11,043	€ 23,089	(52.2)%	(51.8)%	Cost of revenues	€ 29,921	€ 44,270	(32.4)%	(32.7)%
94.3 %	86.3 %			Cost of revenues as % of Net revenues	92.7 %	86.4 %		

The decrease in Cost of revenues during the three and six months ended June 30, 2020, compared to the corresponding periods in 2019, was primarily related to lower volumes across all segments, mainly due to the temporary suspension of production and demand disruptions as a result of COVID-19, partially offset by improved mix in North America during the three months ended June 30, 2020.

As of March 31, 2020, the Group reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the Group's operations. Using the updated information, we performed an assessment of the recoverability of certain of our assets as of March 31, 2020. Specifically, we reviewed our cash generating units ("CGUs") and goodwill and intangible assets with indefinite useful lives for indicators of impairment. Certain CGUs, primarily those that were expected to be more sensitive to the current market outlook, in North America, EMEA, LATAM and Maserati segments, as well as goodwill allocated to EMEA and LATAM segments, were found to have indicators of impairment, and were therefore subject to impairment testing. As a result of this impairment testing, impairment charges totaling €450 million, primarily as a result of reduced volume expectations, were recognized on CGUs within the EMEA, LATAM and Maserati segments composed of €247 million of *Property, plant and equipment* recognized within *Cost of revenues* and €203 million of previously capitalized development costs recognized within *Research and development costs*. Of these charges, €178 million relates to the EMEA segment, €161 million relates to the LATAM segment, and €111 million relates to the Maserati segment, which is incremental to the impairment recognized in Maserati discussed below. No impairments of goodwill and intangible assets with indefinite useful lives were recognized. Refer to Note 6, *Goodwill and intangible assets with indefinite useful lives*, in the Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this Semi-Annual Report, for further information.

In addition to the impairments discussed above, during the three months ended March 31, 2020, certain assets within the Maserati segment were impaired in connection with decisions that were made regarding the planned utilization of certain assembly assets to more efficiently utilize the Group's manufacturing capacity as part of the implementation of the previously announced Maserati product renewal activities. As a result of these decisions, impairment charges were recognized totaling €177 million, composed of €85 million of *Property, plant and equipment* recognized within *Cost of revenues* and €92 million of previously capitalized development expenditures recognized within *Research and development costs*. Impairment expense of €16 million was also recognized in North America for assets which had become idle during the period.

Included within *Cost of revenues* for the three and six months ended June 30, 2020, were amounts of €120 million and €327 million, respectively, which represent the accrual of regulatory expenses and the utilization of regulatory credits, primarily in North America and EMEA. 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, which included 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.

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” included within our 2019 Annual Report and Form 20-F.

### Selling, general and other costs

Three months ended June 30,		Increase/(Decrease)		€ (million)	Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
€ 1,041	€ 1,573	(33.8)%	(32.9)%	Selling, general and other costs	€ 2,480	€ 3,090	(19.7)%	(19.5)%
8.9 %	5.9 %			Selling, general and other costs as % of Net revenues	7.7 %	6.0 %		

Selling, general and other costs includes advertising, personnel and other costs. The decrease in Selling, general and other costs during the three and six months ended June 30, 2020, compared to the corresponding periods in 2019 was primarily driven by lower advertising expenses in all segments, due to lower market demand as a result of COVID-19 and cost containment actions taken in response.

Advertising costs accounted for 30.5 percent and 47.7 percent of total Selling, general and other costs for the three months ended June 30, 2020 and 2019, respectively, and 39.6 percent and 47.5 percent for the six months ended June 30, 2020 and 2019, respectively.

### Research and development costs

Three months ended June 30,		Increase/(Decrease)		€ (million)	Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
€ 278	€ 322	(13.7)%	(16.8)%	Research and development expenditures expensed	€ 598	€ 632	(5.4)%	(7.9)%
298	349	(14.6)%	(13.5)%	Amortization of capitalized development expenditures	616	696	(11.5)%	(11.1)%
—	111	n.m.	n.m.	Impairment and write-off of capitalized development expenditures	295	127	n.m.	n.m.
€ 576	€ 782	(26.3)%	(25.7)%	<b>Total Research and development costs</b>	€ 1,509	€ 1,455	3.7 %	3.6 %

n.m. = number not meaningful

Three months ended June 30,			Six months ended June 30,	
2020	2019		2020	2019
2.4 %	1.2 %	Research and development expenditures expensed as % of Net revenues	1.9 %	1.2 %
2.5 %	1.3 %	Amortization of capitalized development expenditures as % of Net revenues	1.9 %	1.4 %
— %	0.4 %	Impairment and write-off of capitalized development expenditures as % of Net revenues	0.9 %	0.2 %
<b>4.9 %</b>	<b>2.9 %</b>	<b>Total Research and development cost as % of Net revenues</b>	<b>4.7 %</b>	<b>2.8 %</b>

The decrease in Research and development expenditures expensed during the three and six months ended June 30, 2020, as compared to the same periods in 2019, was primarily due to the suspension of a significant number of programs in response to the COVID-19 pandemic.

The decrease in Amortization of capitalized development expenditures during the three and six months ended June 30, 2020, as compared to the same periods in 2019, was primarily the result of previously recognized impairments in EMEA and Maserati, partially offset by increases in North America.

Refer to *Cost of revenues* for further detail on the impairment of capitalized development expenditures during the six months ended June 20, 2020.

Total research and development expenditures during the three and six months ended June 30, 2020 and 2019 were as follows:

Three months ended June 30,			Increase/(Decrease)	(€ million)	Six months ended June 30,			Increase/(Decrease)
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019	
€ 564	€ 644	(12.4)%	Capitalized development expenditures	€ 1,241	€ 1,249	(0.6)%		
278	322	(13.7)%	Research and development expenditures expensed	598	632	(5.4)%		
<b>€ 842</b>	<b>€ 966</b>	<b>(12.8)%</b>	<b>Total Research and development expenditures</b>	<b>€ 1,839</b>	<b>€ 1,881</b>	<b>(2.2)%</b>		
67.0 %	66.7 %		Capitalized development expenditures as % of Total Research and development expenditures	67.5 %	66.4 %			
7.2 %	3.6 %		Total Research and development expenditures as % of Net revenues	5.7 %	3.7 %			

The decrease in total Research and development expenditures during the three and six months ended June 30, 2020, compared to the corresponding periods in 2019, reflects the suspension of a significant number of capital expenditure programs in response to the COVID-19 pandemic.

#### *Net financial expenses*

Three months ended June 30,			Increase/(Decrease)	(€ million)	Six months ended June 30,			Increase/(Decrease)
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019	
€ 237	€ 260	(8.8)%	Net financial expenses	€ 450	€ 504	(10.7)%		

The decrease in Net financial expenses during the three and six months ended June 30, 2020, compared to the corresponding periods in 2019, was primarily due to the repayment of notes, lower interest expense on pension liabilities and favorable foreign exchange translation impacts from the weakening of the Brazilian Real, partially offset, particularly in the second quarter, by increased costs relating to the new credit facilities entered into and the drawdown of revolving credit facilities, which were actions taken in order to strengthen the liquidity position of the Group in the context of reduced cash inflows resulting from COVID-19 pandemic impacts.

#### *Tax (benefit)/expense*

Three months ended June 30,			Increase/(Decrease)	(€ million)	Six months ended June 30,			Increase/(Decrease)
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019	
€ (135)	€ 317	(142.6)%	Tax (benefit)/expense	€ 690	€ 529	30.4 %		
11.4 %	28.6 %		Effective tax rate	(33.6)%	28.9 %			

The effective tax rate was 11.4 percent and (33.6) percent for the three and six months ended June 30, 2020, respectively.

The effective tax rate was 28.6 percent and 28.9 percent for the three and six months ended June 30, 2019, respectively.

The decrease in the effective tax rate for the three months ended June 30, 2020, compared to the corresponding period in 2019, primarily related to a decrease in profit before tax and an increase in unrecognized deferred tax assets.

The change in the effective tax rate during the six months ended June 30, 2020, compared to the corresponding period in 2019, primarily related to a decrease in profit before tax, increase in unrecognized deferred tax assets, adjustments to deferred tax liabilities and the write-down of deferred tax assets, as described below.

During the three months ended March 31, 2020, the Group reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets in Italy and Brazil, primarily in relation to tax loss carry-forwards in each respective country. As a result of this assessment, a write-down of €549 million of deferred tax assets was recorded for the three months ended March 31, 2020. Of this write-down, €446 million primarily related to Italian tax loss carry-forwards and €103 million related to Brazilian tax loss carry-forwards.

### *Net (loss)/profit from continuing operations*

Three months ended June 30,		Increase/(Decrease)		(€ million)	Six months ended June 30,		Increase/(Decrease)		
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019		
€	(1,048)	€	793	(232.2)%	€	(2,742)	€	1,301	(310.8)%
Net (loss)/profit from continuing operations									

The change from Net profit to Net (loss) from continuing operations during the three months ended June 30, 2020, compared to the corresponding period in 2019, was primarily due to lower operating results across all segments relating to the COVID-19 pandemic.

The change from Net profit to Net (loss) from continuing operations during the six months ended June 30, 2020, compared to the corresponding period in 2019, was primarily due to lower operating results across all segments relating to the COVID-19 pandemic, the pre-tax impact of €643 million impairment of assets (refer to *Cost of revenues* above) and the impact of write-down of deferred tax assets in Italy and Brazil, referred to above.

### *Profit from discontinued operations, net of tax*

Three months ended June 30,		Increase/(Decrease)		(€ million)	Six months ended June 30,		Increase/(Decrease)		
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019		
€	—	€	3,859	n.m.	€	—	€	3,970	n.m.
Profit from discontinued operations, net of tax									

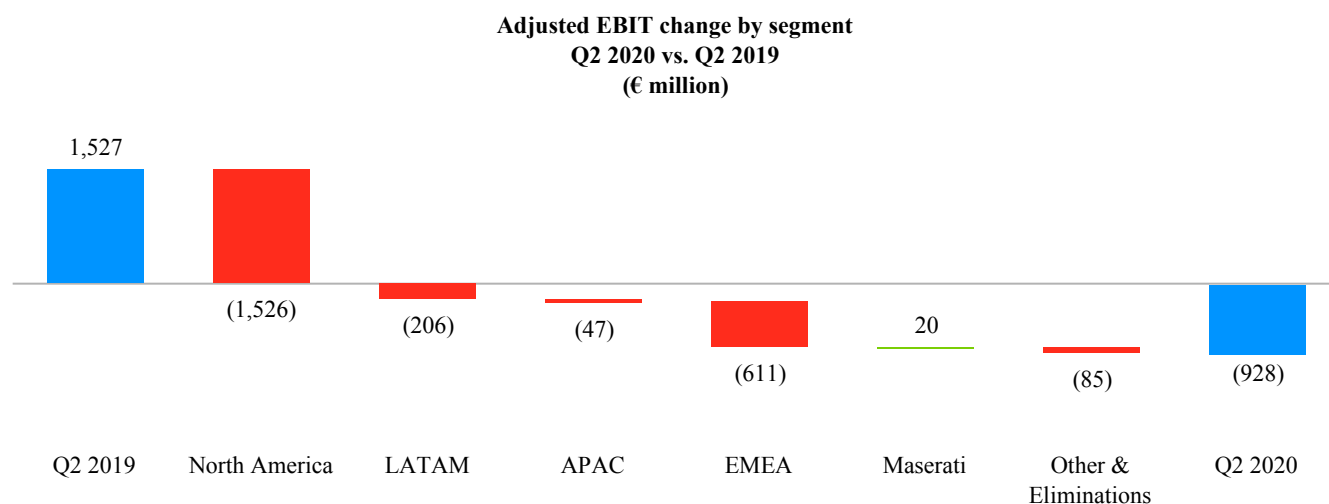
*n.m.* = number not meaningful

Magneti Marelli, including the gain on sale of €3,811 million and related tax expense of €2 million, was presented as a discontinued operation in the Semi-Annual Condensed Consolidated Financial Statements for the three and six months ended June 30, 2019. 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.

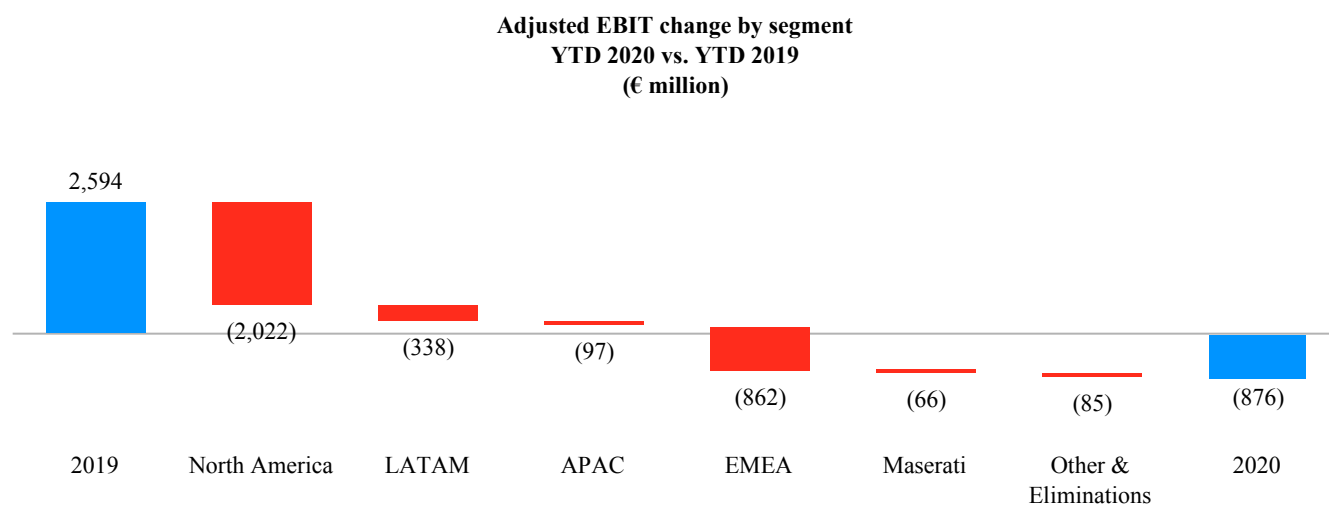
### *Adjusted EBIT*

Three months ended June 30,		Increase/(Decrease)		(€ million)	Six months ended June 30,		Increase/(Decrease)					
2020	2019	2020 vs. 2019			2020	2019	2020 vs. 2019					
		% Actual	% CER			% Actual	% CER					
€	(928)	€	1,527	(160.8)%	(161.8)%	Adjusted EBIT	€	(876)	€	2,594	(133.8)%	(135.2)%
	(7.9)%		5.7 %		-1,360 bps	Adjusted EBIT margin (%)		(2.7)%		5.1 %		-780 bps

The following chart presents the change in Adjusted EBIT by segment for the three months ended June 30, 2020 compared to the corresponding period in 2019.



The following chart presents the change in Adjusted EBIT by segment for the six months ended June 30, 2020 compared to the corresponding period in 2019.



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 (loss)/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,		
2020	2019	(€ million)	2020	2019	
€ (1,048)	€ 793	<b>Net (loss)/profit from continuing operations</b>	€ (2,742)	€ 1,301	
(135)	317	Tax (benefit)/expense	690	529	
237	260	Net financial expenses	450	504	
Adjustments:					
23	(8)	Restructuring costs, net of reversals	43	196	
—	113	Impairment expense and supplier obligations	643	155	
1	(7)	(Losses)/gains on disposal of investments	(4)	(7)	
—	—	Brazilian indirect tax - reversal of liability/ recognition of credits	—	(164)	
(6)	59	Other	44	80	
18	157	Total Adjustments	726	260	
€ (928)	€ 1,527	<b>Adjusted EBIT</b>	€ (876)	€ 2,594	

During the three months ended June 30, 2020, Adjusted EBIT excluded adjustments primarily related to:

- €23 million of restructuring costs primarily in North America.

During the six months ended June 30, 2020, Adjusted EBIT excluded adjustments primarily related to:

- €43 million of restructuring costs primarily in North America and LATAM;
- €643 million of impairment expense, of which €450 million related to impairments of CGUs in EMEA, LATAM and Maserati, €177 million related to impairments of certain assets in Maserati, and €16 million related to asset impairments in North America, as described in *Cost of revenues* and *Research and development costs* above; and
- €44 million of Other costs, primarily relating to litigation proceedings (refer to Note 18, *Guarantees granted, commitments and contingent liabilities*, in the Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this report for further details).

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.

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;
- €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 9, *Trade and other receivables*, in the Semi-Annual Condensed Consolidation Financial Statements included elsewhere in this report).

### *Adjusted net (loss)/profit*

Three months ended June 30,		Increase/(Decrease)		Six months ended June 30,		Increase/(Decrease)	
2020	2019	2020 vs. 2019	(€ million)	2020	2019	2020 vs. 2019	
€ (1,039)	€ 928	(212.0)%	Adjusted net (loss)/profit	€ (1,510)	€ 1,498	(200.8)%	

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

Three months ended June 30,			Six months ended June 30,		
2020	2019	(€ million)	2020	2019	
€ (1,048)	€ 793	<b>Net (loss)/profit from continuing operations</b>	€ (2,742)	€ 1,301	
18	157	Adjustments (as above)	726	260	
(9)	(22)	Tax impact on adjustments	(43)	(63)	
—	—	Net derecognition of deferred tax assets and other tax adjustments	549	—	
9	135	Total adjustments, net of taxes	1,232	197	
€ (1,039)	€ 928	<b>Adjusted net (loss)/profit</b>	€ (1,510)	€ 1,498	

During the three months ended June 30, 2020, Adjusted net (loss)/profit excluded adjustments related to:

- €9 million benefit reflecting the tax impact on the items excluded from Adjusted EBIT above.

During the six months ended June 30, 2020, Adjusted net (loss)/profit excluded adjustments related to:

- €43 million benefit reflecting the tax impact on the items excluded from Adjusted EBIT above; and
- €549 million loss from write-down of deferred tax assets in Italy and Brazil as the Group reviewed its business and operations to take into consideration the potential impacts and effects of the COVID-19 pandemic, including the estimated impact on economic and market outlook.

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

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

### *Adjusted diluted (loss)/earnings per share*

Three months ended June 30,		Increase/(Decrease)		Six months ended June 30,		Increase/(Decrease)	
2020	2019	2020 vs. 2019	(€ per share)	2020	2019	2020 vs. 2019	
€ (0.65)	€ 0.59	(210.2)%	Adjusted diluted (loss)/earnings per share	€ (0.96)	€ 0.96	(200.0)%	

The following table summarizes the reconciliation of Diluted (loss)/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 (loss)/earnings per share:

<b>Three months ended June 30,</b>			<b>Six months ended June 30,</b>	
<b>2020</b>	<b>2019</b>	(€ per share except otherwise noted)	<b>2020</b>	<b>2019</b>
€ (0.66)	€ 0.50	<b>Diluted (loss)/earnings per share from continuing operations</b>	€ (1.74)	€ 0.83
0.01	0.09	Impact of adjustments above, net of taxes, on Diluted (loss)/earnings per share from continuing operations	0.78	0.13
<b>€ (0.65)</b>	<b>€ 0.59</b>	<b>Adjusted diluted (loss)/earnings per share</b>	<b>€ (0.96)</b>	<b>€ 0.96</b>
1,571,440	1,570,180	Weighted average number of shares outstanding for Diluted (loss)/earnings per share from continuing operations (thousand)	1,569,721	1,570,303

## Results by Segment

	Net revenues		Adjusted EBIT		Consolidated Shipments	
	Three months ended June 30,					
	2020	2019	2020	2019	2020	2019
(€ million, except shipments which are in thousands of units)						
North America	€ 8,209	€ 17,639	€ 39	€ 1,565	225	596
LATAM	477	2,050	(96)	110	47	148
APAC	427	762	(59)	(12)	11	22
EMEA	2,232	5,564	(589)	22	107	357
Maserati <sup>(1)</sup>	185	343	(99)	(119)	2	5
Other activities	354	782	(111)	(42)	—	—
Unallocated items & eliminations <sup>(2)</sup>	(177)	(399)	(13)	3	—	—
<b>Total</b>	<b>€ 11,707</b>	<b>€ 26,741</b>	<b>€ (928)</b>	<b>€ 1,527</b>	<b>392</b>	<b>1,128</b>

	Net revenues		Adjusted EBIT		Consolidated Shipments	
	Six months ended June 30,					
	2020	2019	2020	2019	2020	2019
(€ million, except shipments which are in thousands of units)						
North America	€ 22,750	€ 33,696	€ 587	€ 2,609	694	1,152
LATAM	1,799	3,982	(123)	215	153	268
APAC	893	1,354	(118)	(21)	24	39
EMEA	5,964	10,634	(859)	3	312	659
Maserati	439	814	(174)	(108)	5	10
Other activities	915	1,453	(186)	(92)	—	—
Unallocated items & eliminations <sup>(2)</sup>	(486)	(711)	(3)	(12)	—	—
<b>Total</b>	<b>€ 32,274</b>	<b>€ 51,222</b>	<b>€ (876)</b>	<b>€ 2,594</b>	<b>1,188</b>	<b>2,128</b>

(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, 2020 as compared to the three and six months ended June 30, 2019. 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)			Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
225	596	(62.2)%	—	Shipments (thousands of units)	694	1,152	(39.8)%	—
€ 8,209	€ 17,639	(53.5)%	(54.1)%	Net revenues (€ million)	€ 22,750	€ 33,696	(32.5)%	(34.0)%
€ 39	€ 1,565	(97.5)%	(97.6)%	Adjusted EBIT (€ million)	€ 587	€ 2,609	(77.5)%	(78.3)%
0.5 %	8.9 %	-840 bps	—	Adjusted EBIT margin (%)	2.6 %	7.7 %	-510 bps	—

### Three months ended June 30, 2020

The Group's market share<sup>(1)</sup> in North America of 11.7 percent for the three months ended June 30, 2020 reflected a decrease of 70 bps from 12.4 percent in the same period in 2019. The U.S. market share<sup>(1)</sup> of 12.1 percent reflected a decrease of 100 bps from 13.1 percent in the same period in 2019.

### Shipments

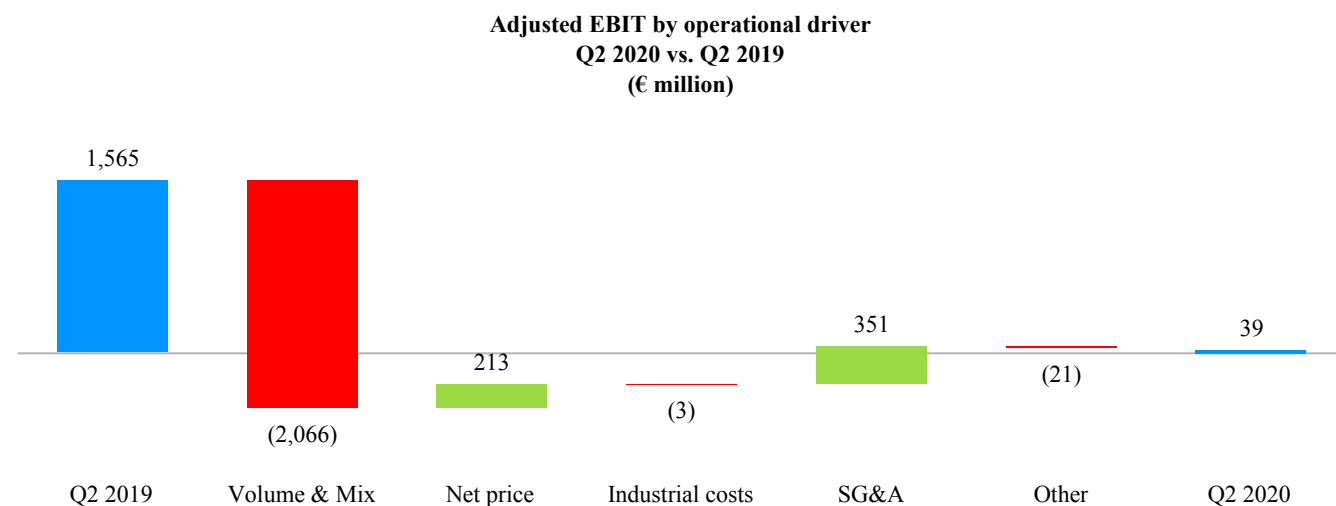
The decrease in North America shipments in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 related suspension of production and significantly reduced fleet volumes.

### Net revenues

The decrease in North America Net revenues in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower volumes, partially offset by favorable channel and model mix.

### Adjusted EBIT

The following chart reflects the change in North America Adjusted EBIT by operational driver for the three months ended June 30, 2020 compared to the same period in 2019.



(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 decrease in North America Adjusted EBIT in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower volumes; and
- non-repeat of prior year benefit due to the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods

These were partially offset by:

- favorable channel mix;
- positive net pricing; and
- lower advertising and general and administrative costs.

### ***Six Months Ended June 30, 2020***

#### ***Shipments***

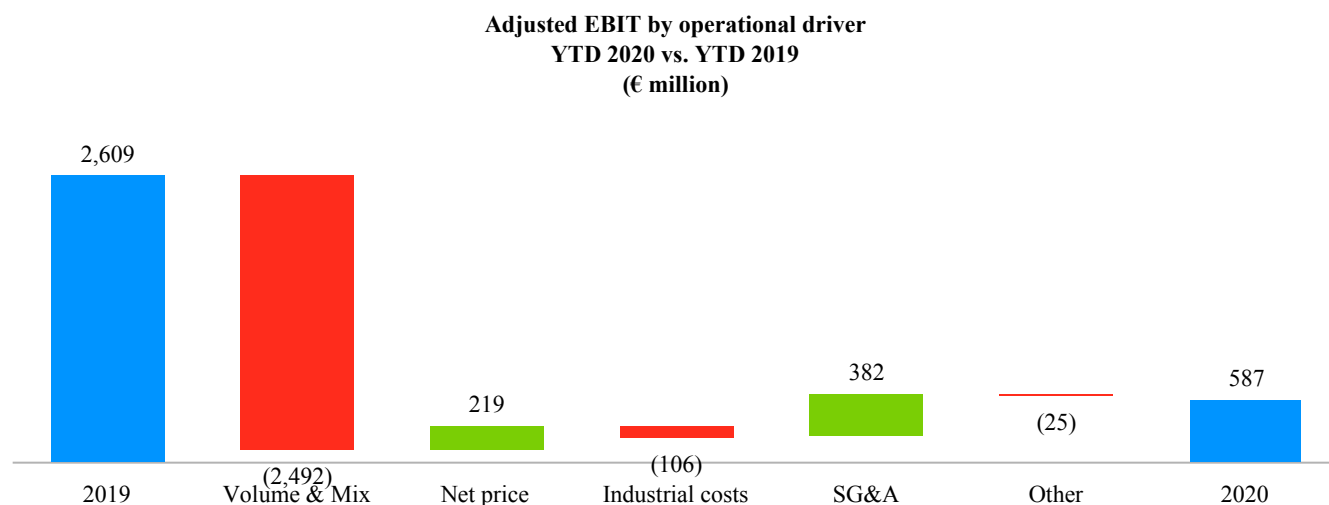
The decrease in North America shipments in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 production and market impacts.

#### ***Net revenues***

The decrease in North America Net revenues in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower shipments partially offset by positive channel and model mix, favorable net pricing as well as favorable foreign exchange translation effects.

#### ***Adjusted EBIT***

The following chart reflects the change in North America Adjusted EBIT by operational driver for the six months ended June 30, 2020 compared to the same period in 2019.



The decrease in North America Adjusted EBIT in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower volumes;

- non-repeat of prior year benefit due to the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods; and
- higher warranty costs.

These were partially offset by:

- positive pricing;
- favorable mix; and
- reduced advertising expense.

## LATAM

Three months ended June 30,		Increase/(Decrease)			Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
47	148	(68.2)%	—	Shipments (thousands of units)	153	268	(42.9)%	—
€ 477	€ 2,050	(76.7)%	(66.6)%	Net revenues (€ million)	€ 1,799	€ 3,982	(54.8)%	(45.2)%
€ (96)	€ 110	(187.3)%	(206.8)%	Adjusted EBIT (€ million)	€ (123)	€ 215	(157.2)%	(170.4)%
(20.1)%	5.4 %	-2,550 bps	—	Adjusted EBIT margin (%)	(6.8)%	5.4 %	-1,220 bps	—

### Three months ended June 30, 2020

The Group's market share<sup>(1)</sup> in LATAM increased 190 bps to 15.9 percent for the three months ended June 30, 2020 from 14.0 percent in the same period in 2019. The Group's market share in Brazil and Argentina for the three months ended June 30, 2020 increased 100 bps to 19.8 percent from 18.8 percent and increased 310 bps to 15.4 percent from 12.3 percent, respectively, compared to the corresponding period in 2019.

### Shipments

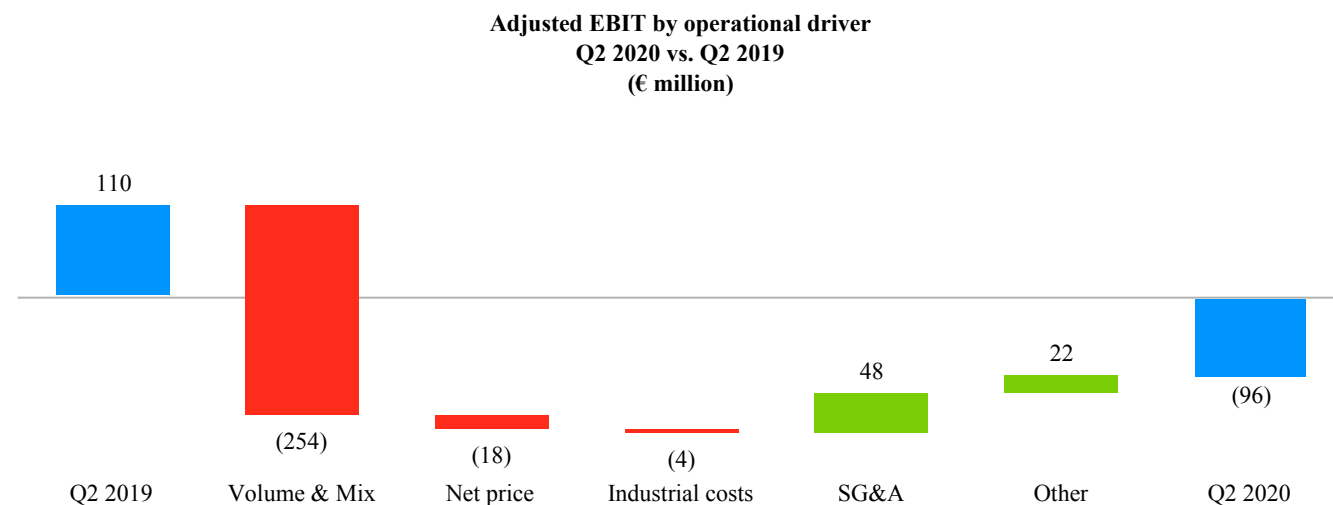
The decrease in LATAM shipments in the three months ended June 30, 2020 compared to the same period in 2019 was due to COVID-19 related suspension of production and reduced demand.

### Net revenues

The decrease in LATAM Net revenues in the three months ended June 30, 2020 compared to the same period in 2019 was due to lower volumes, as well as unfavorable foreign exchange impacts, primarily from weakening of the Brazilian Real.

### Adjusted EBIT

The following chart reflects the change in LATAM Adjusted EBIT by operational driver for the three months ended June 30, 2020 compared to the same period in 2019.



(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 decrease in LATAM Adjusted EBIT in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower Net revenues, partially offset by reduced advertising costs and favorable foreign exchange effects, primarily on translation, and cost containment actions.

**Six Months Ended June 30, 2020**

**Shipments**

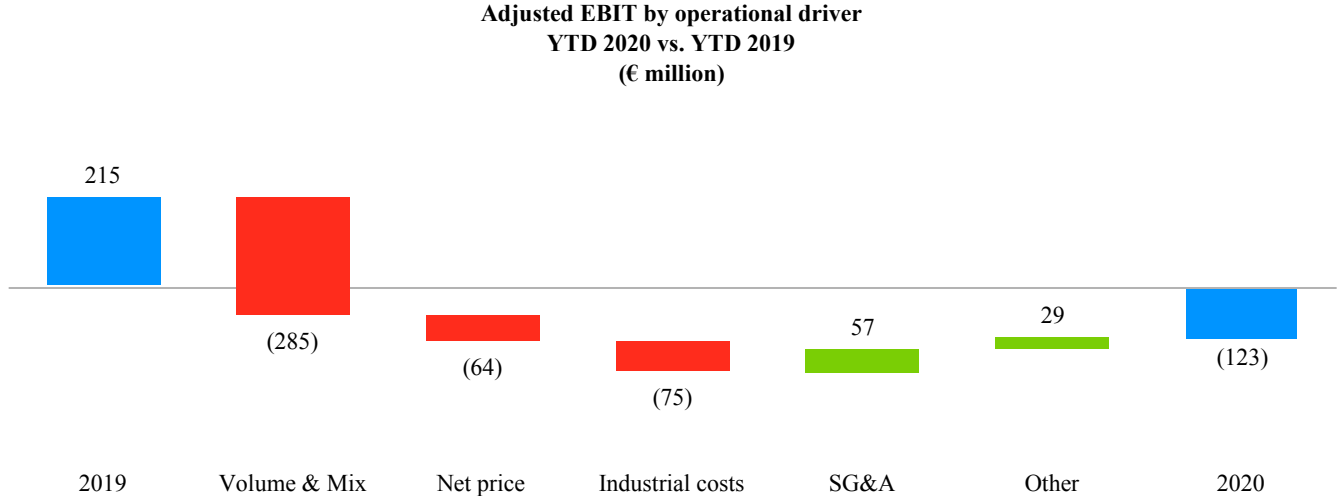
The decrease in LATAM shipments in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 related market disruption and production suspension in Brazil and Argentina.

**Net revenues**

The decrease in LATAM Net revenues in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower shipments, non-repeat of prior year one-off recognition of credits related to indirect taxes, as well as negative foreign exchange impacts from weakening of the Brazilian Real.

**Adjusted EBIT**

The following chart reflects the change in LATAM Adjusted EBIT by operational driver for the six months ended June 30, 2020 compared to the same period in 2019.



The decrease in LATAM Adjusted EBIT in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower Net revenues; and
- purchasing cost inflation.

This was partially offset by:

- reduced advertising and general and administrative costs.



## APAC

Three months ended June 30,		Increase/(Decrease)			Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
21	35	(40.0)%	—	Combined shipments (thousands of units)	41	74	(44.6)%	—
11	22	(50.0)%	—	Consolidated shipments (thousands of units)	24	39	(38.5)%	—
€ 427	€ 762	(44.0)%	(43.4)%	Net revenues (€ million)	€ 893	€ 1,354	(34.0)%	(34.0)%
€ (59)	€ (12)	(391.7)%	(382.3)%	Adjusted EBIT (€ million)	€ (118)	€ (21)	(461.9)%	(458.2)%
(13.8)%	(1.6)%	-1,220 bps	—	Adjusted EBIT margin (%)	(13.2)%	(1.6)%	-1,160 bps	—

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, 2020

#### Shipments

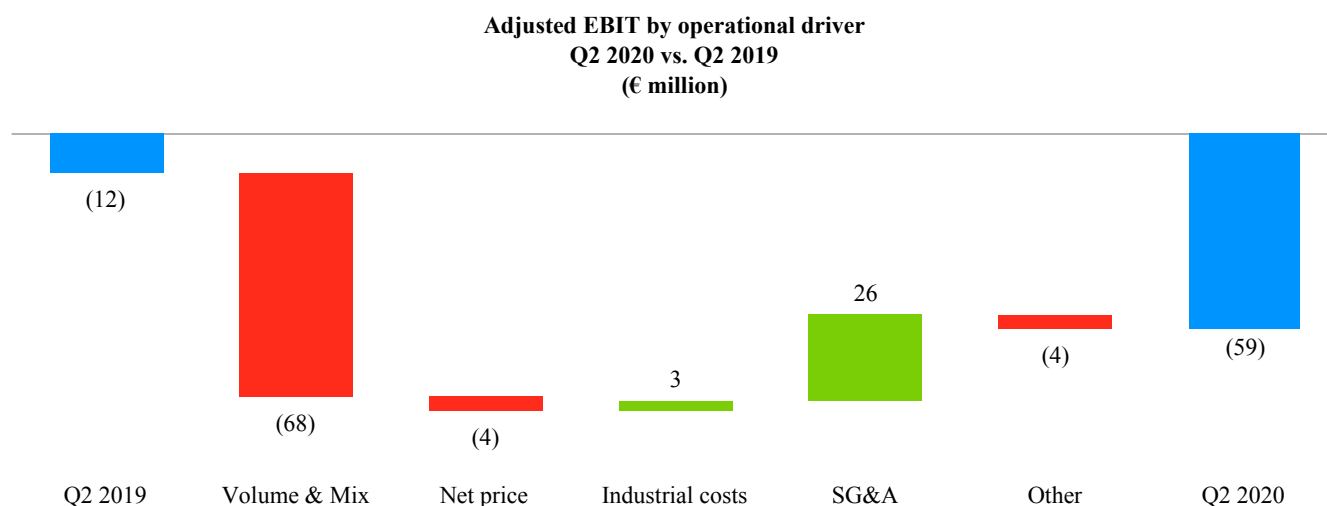
The decrease in combined and consolidated shipments in the three months ended June 30, 2020 compared to the same period in 2019 was due to COVID-19 related market disruption throughout the region, primarily outside of China, mainly due to temporary suspension of production in India, as well as reduced imports due to production suspensions in North America and EMEA.

#### Net revenues

The decrease in APAC Net revenues in the three months ended June 30, 2020 compared to the same period in 2019 was due to lower consolidated shipments.

## ***Adjusted EBIT***

The following chart reflects the change in APAC Adjusted EBIT by operational driver for the three months ended June 30, 2020 compared to the same period in 2019.



The decrease in APAC Adjusted EBIT in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower Net revenues.

This was partially offset by:

- reduced marketing and general and administrative costs.

## ***Six Months Ended June 30, 2020***

### ***Shipments***

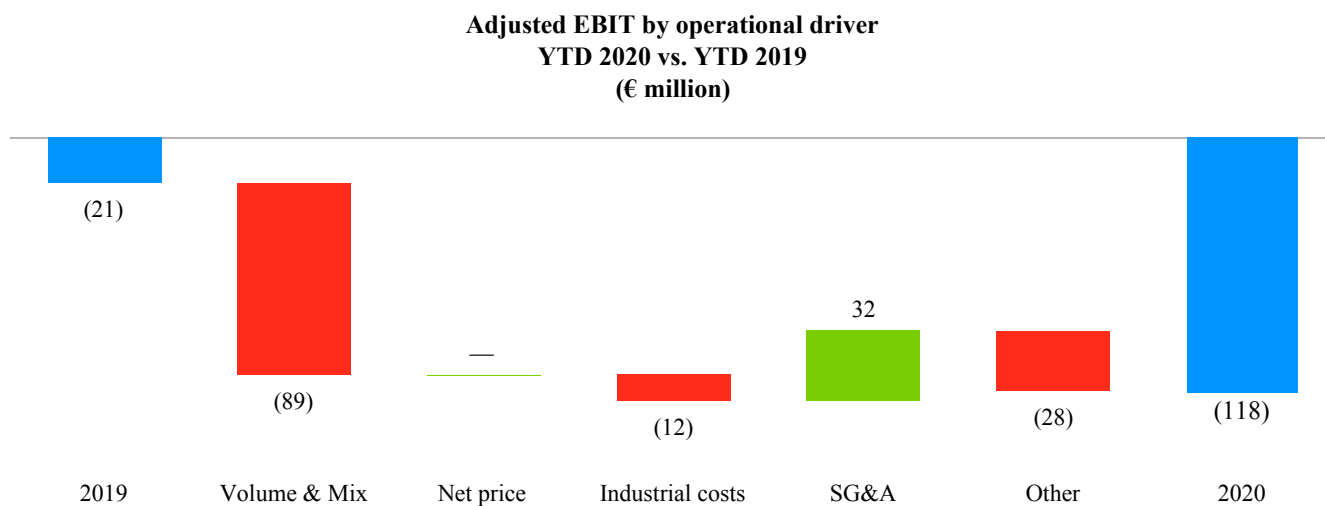
The decrease in APAC combined and consolidated shipments in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 related market disruption throughout the region.

### ***Net revenues***

The decrease in APAC Net revenues in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower shipments and component sales to China JV.

## Adjusted EBIT

The following chart reflects the change in APAC Adjusted EBIT by operational driver for the six months ended June 30, 2020 compared to the same period in 2019.



The decrease in APAC Adjusted EBIT in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower Net revenues, and
- lower GAC FCA JV results, included within *Other*.

These were partially offset by:

- reduced marketing expense and general and administrative costs.

## EMEA

Three months ended June 30,		Increase/(Decrease)			Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
129	373	(65.4)%	—	Combined shipments (thousands of units)	349	690	(49.4)%	—
107	357	(70.0)%	—	Consolidated shipments (thousands of units)	312	659	(52.7)%	—
€ 2,232	€ 5,564	(59.9)%	(59.7)%	Net revenues (€ million)	€ 5,964	€ 10,634	(43.9)%	(43.9)%
€ (589)	€ 22	n.m.	n.m.	Adjusted EBIT (€ million)	€ (859)	€ 3	n.m.	n.m.
(26.4)%	0.4 %	-2,680 bps	—	Adjusted EBIT margin (%)	(14.4)%	— %	-1,440 bps	—

n.m. = number not meaningful

### Three months ended June 30, 2020

The Group's market share<sup>(1)</sup> in the European Union for the three months ended June 30, 2020, decreased 40 bps to 6.6 percent from 7.0 percent in the same period in 2019.

### Shipments

The decrease in EMEA combined and consolidated shipments in the three months ended June 30, 2020 compared to the same period in 2019 was due to COVID-19 related suspension of production and significant impacts on consumer demand.

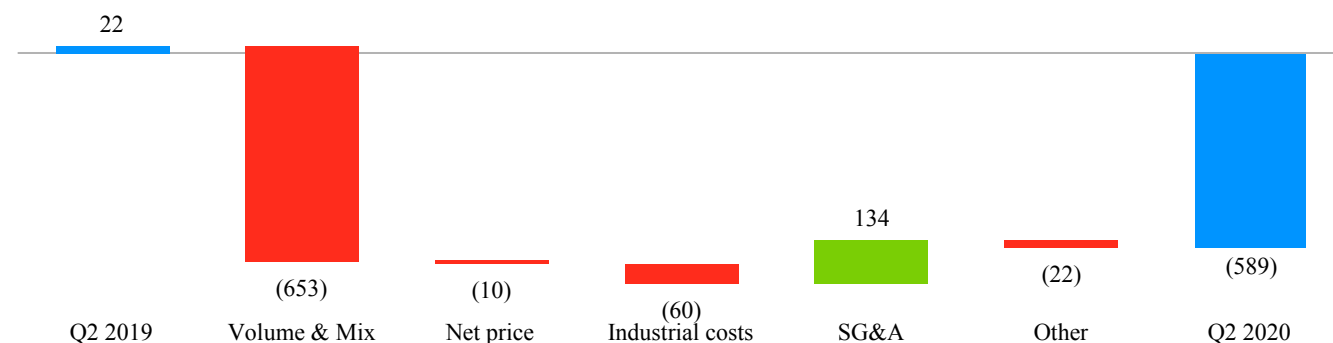
### Net revenues

The decrease in EMEA Net revenues in the three months ended June 30, 2020 compared to the same period in 2019 was 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, 2020 compared to the same period in 2019.

Adjusted EBIT by operational driver  
Q2 2020 vs. Q2 2019  
(€ 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, 2020 compared to the same period in 2019 was primarily due to:

- lower volumes;
- unfavorable mix; and
- increased compliance costs, included within *Industrial costs* above.

These were partially offset by:

- lower depreciation and amortization, as well as cost containment actions, including restructuring actions implemented in prior periods; and
- reduced advertising.

### ***Six Months Ended June 30, 2020***

#### ***Shipments***

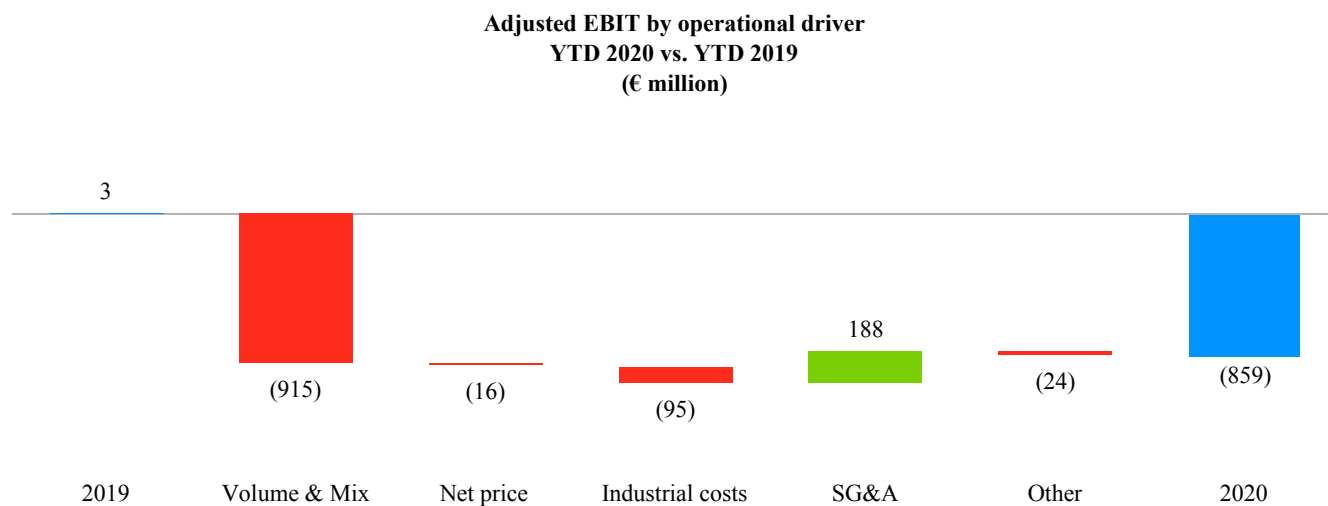
The decrease in EMEA combined shipments and consolidated shipments in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 market disruption and production suspension impacts.

#### ***Net revenues***

The decrease in EMEA Net revenues in the six months ended June 30, 2020 compared to the same period in 2019 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, 2020 compared to the same period in 2019.



The decrease in EMEA Adjusted EBIT in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to:

- lower volumes;
- unfavorable mix; and
- increased compliance costs, included within *Industrial costs* above.

These were partially offset by

- lower fixed costs from cost containment and restructuring actions implemented in prior periods;
- lower depreciation and amortization; and
- reduced advertising costs.

## Maserati

Three months ended June 30,		Increase/(Decrease)			Six months ended June 30,		Increase/(Decrease)	
		2020 vs. 2019					2020 vs. 2019	
2020	2019	% Actual	% CER		2020	2019	% Actual	% CER
2.0	4.2	(52.4)%	—	Shipments (thousands of units)	5.1	9.7	(47.4)%	—
€ 185	€ 343	(46.1)%	(46.2)%	Net revenues (€ million)	€ 439	€ 814	(46.1)%	(46.6)%
€ (99)	€ (119)	16.8 %	18.2 %	Adjusted EBIT (€ million)	€ (174)	€ (108)	(61.1)%	(59.4)%
(53.5)%	(34.7)%	-1,880 bps	—	Adjusted EBIT margin (%)	(39.6)%	(13.3)%	-2,630 bps	—

### Three months ended June 30, 2020

#### Shipments

The decrease in Maserati shipments in the three months ended June 30, 2020 compared to the same period in 2019 was due to COVID-19 impacts in all markets, particularly in North America and EMEA.

#### Net revenues

The decrease in Maserati Net revenues in the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower volumes, partially offset by non-repeat of prior year incentives related to accelerated transition to China 6 emissions standards.

#### Adjusted EBIT

Maserati Adjusted EBIT loss reduced in the three months ended June 30, 2020 compared to the same period in 2019 primarily due to non-repeat of prior year adjustments of residual values in the U.S., as well as lower depreciation and amortization and SG&A costs, partially offset by lower Net revenues.

### Six Months Ended June 30, 2020

#### Shipments

The decrease in Maserati shipments in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to COVID-19 market and production impacts, mainly in North America, EMEA and China.

#### Net revenues

The decrease in Maserati Net revenues in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to decreased shipments and unfavorable market and model mix.

#### Adjusted EBIT

The decrease in Maserati Adjusted EBIT in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower Net revenues.

## Liquidity and Capital Resources

### COVID-19 Liquidity actions

During the six months ended June 30, 2020, the Group took several key actions to secure its liquidity and financial position, including drawing on existing bilateral lines of credit totaling €1.5 billion and securing an additional incremental bridge credit facility of €3.5 billion, structured as a bridge to capital markets, which was available to be drawn beginning in April and replaced as noted below. In addition, measures were taken to reduce cash outflows, including: a suspension of a significant number of capital expenditure programs; delaying non-essential spending; temporary lay-offs, salary cuts and deferrals; and significant reductions to marketing and other discretionary spend. On April 21, 2020, the Group drew down its €6.25 billion syndicated revolving credit facility. On June 24, 2020, the Group announced that FCA Italy S.p.A., a wholly owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group had signed a 3-year, €6.3 billion credit facility with Intesa Sanpaolo, Italy's largest banking group. On July 1, 2020, the Group confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on July 7, 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) € 1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaces in full the €3.5 billion bridge credit facility above, which was previously fully undrawn and was fully cancelled on July 7, 2020, in connection with the settlement of the notes offering.

### Available Liquidity

The following table summarizes our total Available liquidity:

(€ million)	At June 30, 2020	At December 31, 2019
Cash, cash equivalents and current debt securities <sup>(1)</sup>	14,034	15,494
Undrawn committed credit lines <sup>(2)</sup>	3,500	7,575
Cash, cash equivalents and current debt securities - included within Assets held for sale	13	17
<b>Available liquidity<sup>(3)</sup></b>	<b>€ 17,547</b>	<b>€ 23,086</b>

(1) Current securities are comprised of short term or marketable securities which represent temporary investments but do not satisfy all the requirements to be classified as cash equivalents as they may not be able to readily converted into cash, or they are subject to significant risk of change in value (even if they are short-term in nature or marketable).

(2) Undrawn committed credit lines does not include the €4.5 billion undrawn portion of the Intesa Sanpaolo Credit Facility entered into on June 24, 2020, as described below.

(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 countries. 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 impact on the Group's ability to meet its liquidity requirements at the dates presented above.

The following table summarizes drawn and undrawn committed credit lines:

	At June 30, 2020			At December 31, 2019		
	Facility	Drawn	Available	Facility	Drawn	Available
	(€ million)					
Revolving Credit Facilities	€ 6,250	€ 6,250	€ —	€ 6,250	€ —	€ 6,250
Incremental Bridge Credit Facility <sup>(1)</sup>	3,500	—	3,500	—	—	—
Other revolving lines of credit	1,238	1,238	—	1,325	—	1,325
<b>Total committed credit lines at the end of period</b>	<b>€ 10,988</b>	<b>€ 7,488</b>	<b>€ 3,500</b>	<b>€ 7,575</b>	<b>€ —</b>	<b>€ 7,575</b>

(1) Cancelled on July 7, 2020 upon settlement of the €3.5 billion Medium Term Note Programme offering as described in Notes below.

Available liquidity at June 30, 2020 decreased €5.5 billion from December 31, 2019 primarily as a result of cash absorption from initial negative working capital movements attributable to the COVID-19 related production shutdowns, and capital expenditures during the period, partially offset by the increased borrowings described below.



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. Moreover, we tend to operate with negative working capital as we generally receive payment for vehicles within a few days of shipment, whereas there is a lag between the time when parts and materials are received from suppliers and when we pay for such parts and materials; therefore, in periods in which our vehicle shipments decline materially we will suffer a significant negative impact on cash flow and liquidity as we continue to pay suppliers for components purchased in a high volume environment during a period in which we receive lower proceeds from vehicle shipments. Plant shutdowns, whether associated with model year changeovers, or other factors such as temporary supplier interruptions or government-imposed restrictions, such as we have experienced in response to the COVID-19 pandemic, can have a significant negative impact on our revenues and working capital as we continue to pay suppliers while we do not receive proceeds from vehicle sales. 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, 2020, €7.5 billion, or 53.6 percent, were denominated in U.S. Dollar (€9.3 billion, or 60.0 percent, at December 31, 2019) and €2.9 billion, or 20.7 percent, were denominated in Euro (€2.0 billion, or 12.9 percent, at December 31, 2019).

At June 30, 2020, undrawn committed credit lines of €3.5 billion consisted of the bridge credit facility entered into in March 2020, as referred to below. At December 31, 2019, undrawn committed credit lines available totaling €7.6 billion included the €6.25 billion syndicated revolving credit facility and €1.3 billion of other bilateral revolving lines of credit.

Based on past performance and current expectations, including expectations regarding production restarts, we believe that our available liquidity will be sufficient to meet our future operating cash needs. Our available cash and committed credit facilities provide additional sources of liquidity to fund current operations, debt maturities, and future investment opportunities. However, we continue to assess all funding options and expect to access funding as and when available on reasonable terms to further strengthen our balance sheet and enhance our liquidity to optimize our financial flexibility.

The Company was in compliance with all of its debt covenants at June 30, 2020 and currently expects continued compliance with debt covenants; however, events resulting from the effects of COVID-19 may negatively impact the Company's ability to comply with these covenants or require the Company to pursue alternative financing.

#### *European Investment Bank Borrowings*

On March 18, 2020, the Group announced that it entered into an agreement for a €300 million five-year loan with the European Investment Bank (“EIB”) to support specific investments to be implemented by FCA through 2021. The investments are primarily to support the manufacturing deployment of the advanced vehicle powertrain electrification technologies and, in particular, the setup of production lines for the manufacturing of plug-in hybrid electric vehicles (PHEVs) at FCA's production plant in Melfi (Italy) and the manufacturing of battery electric vehicles (BEV) at the production plant in Mirafiori (Italy). The loan was fully drawn on March 26, 2020.

#### *Incremental Bridge Credit Facility*

On March 26, 2020, the Group announced that it had entered into a new credit facility (the “Bridge Credit Facility”). The Bridge Credit Facility, initially entered into with two banks and then successfully syndicated to thirteen banks, including the two original underwriting banks, was available for general corporate purposes and for working capital needs of the Group and was structured as a bridge facility to capital markets. On April 14, 2020, the Group announced completion of syndication. At June 30, 2020, the Bridge Credit Facility was fully undrawn. On July 7, 2020, the Bridge Credit Facility was cancelled. Refer to *Notes* below for further information.

#### *Other revolving lines of credit*

During the six months ended June 30, 2020, the Group drew down on existing bilateral revolving lines of credit totaling €1.5 billion, of which €0.2 billion had been repaid at maturity by June 30, 2020.

### *Revolving Credit Facilities*

On March 26, 2020, the tenor of the three-year Tranche A of the Group's €6.25 billion revolving credit facility, for Euro €3.125 billion, was extended by one year to April 27, 2023. On April 21, 2020, the Group announced that, in light of the continuing uncertainty relating to the impacts of COVID-19, it had drawn down its €6.25 billion revolving credit facility originally signed in June 2015 and last amended in March 2019.

### *Intesa Sanpaolo Credit Facility*

On June 24, 2020, FCA Italy S.p.A., a wholly-owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group entered into a facility agreement with Intesa Sanpaolo for borrowings of up to €6.3 billion to finance the Group's activities in Italy. The facility is unsecured and guaranteed by FCA N.V. and will mature in March 2023, amortizing in five equal quarterly installments with the first such installment due on March 31, 2022. SACE (Italy's export credit agency) will guarantee 80 percent of the borrowings under that facility pursuant to the recently enacted Italian Liquidity Decree. The facility and borrowings under the facility are at interest rates within a range that could be obtained in the market.

The covenants of the credit facility include financial covenants which apply under certain conditions, as well as negative pledge, pari passu, cross-default and change of control clauses. Failure to comply with these covenants, and in certain cases if not suitably remedied, can lead to the requirement of early repayment of any outstanding amounts.

In connection with SACE's guarantee, the Group has given the following industrial commitments applicable while any loans are outstanding under the facility: (i) to continue to carry out certain Italian investment projects currently underway and previously announced; (ii) not to delocalize outside Italy production of vehicles under such investment projects; and (iii) to pursue the goal of reducing temporary layoffs for employees engaged under such investment projects in Italy to nil by the end of 2023, each with agreed milestones for implementation. If the industrial commitments previously described are not implemented by the agreed milestones, the Group may at its option: (i) implement those industrial commitments within an additional six-month period following the milestones; (ii) negotiate and agree alternative milestones and/or commitments with the Italian government; or (iii) repay the loan at any time within 18 months (including a 6 months negotiation period) from the point of non-compliance.

In addition, while loans under the facility are outstanding, FCA N.V. has committed not to approve or pay dividends or other shareholder distributions in the 2020 calendar year (except dividends related to the pending merger with Peugeot S.A.), and the Italian subsidiaries of the Group have committed not to distribute dividends or to make other shareholder distributions until May 26, 2021.

During June 2020, €1.8 billion of the facility was drawn down, of which 80 percent is covered by the SACE guarantee. The remaining undrawn facility of €4.5 billion was not included within Available liquidity at June 30, 2020 and will be available for the payment of eligible expenditures.

### *Notes*

On April 15, 2020, the Group repaid in full at maturity U.S.\$1.5 billion of 4.500% unsecured notes issued in April 2015.

On July 1, 2020, the Group confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on July 7, 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) €1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaces in full the €3.5 billion bridge credit facility above, which was previously fully undrawn and was fully cancelled on July 7, 2020, in connection with the settlement of the notes offering. The offering was settled on July 7, 2020. The notes issued were rated Ba2 by Moody's Investors Service, BB+ by Standard & Poor's, BBB- by Fitch and BBB(Low) by DBRS.

## Rating agency updates

On May 28, 2020, Moody's Investors Service confirmed the "Ba1" Corporate Family Rating on FCA N.V and the "Ba2" ratings on the senior unsecured instruments issued or guaranteed by FCA N.V., with the outlook on all ratings developing. This rating action concludes a review with direction uncertain that began on March 25, 2020.

## Cash Flows

The following table summarizes the cash flows from operating, investing and financing activities for the six months ended June 30, 2020 and 2019. Refer to the Semi-Annual Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2020 and 2019 included elsewhere in this Semi-Annual Report for additional detail.

(€ million)	Six months ended June 30,	
	2020	2019 <sup>(1)</sup>
Cash flows (used in)/from operating activities - continuing operations	€ (6,032)	€ 4,059
Cash flows used in operating activities - discontinued operations	—	(308)
Cash flows used in investing activities - continuing operations	(2,887)	(3,116)
Cash flows from investing activities - net cash proceeds, disposal of discontinued operations <sup>(2)</sup>	—	5,348
Cash flows used in investing activities - discontinued operations	—	(155)
Cash flows from/(used in) financing activities - continuing operations	8,048	(4,011)
Cash flows from financing activities - discontinued operations	—	325
Translation exchange differences	(233)	95
<b>Total change in cash and cash equivalents</b>	<b>(1,104)</b>	<b>2,237</b>
Cash and cash equivalents at beginning of the period	15,014	12,450
Add: cash and cash equivalents at beginning of the period - included with Assets held for sale <sup>(2)</sup>	17	719
Total change in cash and cash equivalents	(1,104)	2,237
Less: Cash and cash equivalents at end of the period - included within Assets held for sale <sup>(2)</sup>	13	—
<b>Cash and cash equivalents at end of the period</b>	<b>€ 13,914</b>	<b>€ 15,406</b>

(1) Magneti Marelli operating results and cash flows for the four months prior to the completion of the disposal on May 2, 2019 were excluded from the Group's continuing operations and are presented as a single line item within the Consolidated Income Statements and Consolidated Statement of Cash Flows for the six months ended June 30, 2019, following the classification of Magneti Marelli as a discontinued operation. All amounts presented above exclude net intercompany amounts (received by)/paid by Magneti Marelli to/from the Group totaling €(200) million within operating activities, €(41) million within investing activities and €405 million within financing activities for the six months ended June 30, 2019.

(2) The assets and liabilities of the cast iron automotive components business of Teksid were classified as Assets held for sale and Liabilities held for sale within the Semi-Annual Condensed Consolidated Statements of Financial Position at June 30, 2020 and at December 31, 2019. Refer to Note 2, Scope of consolidation within our Consolidated Financial Statements included elsewhere in this report.

## Operating Activities

For the six months ended June 30, 2020, cash used in operating activities was the result of Net loss from continuing operations of €2,742 million primarily adjusted: (1) to add back €2,605 million for depreciation and amortization expense, (2) €643 million of impairments (refer to *Cost of revenues* and *Research and development costs* above), (3) a €653 million change in deferred taxes primarily relating to write-down of deferred tax assets in Italy and Brazil (refer to *Tax (benefit)/expense* above), (4) a €1,936 million net decrease in provisions, primarily as a result of lower sales incentive and warranty provisions in North America due to lower shipments, and (5) for the negative effect of the change in working capital of €5,394 million, which includes (i) a decrease of €5,419 million in trade payables across all regions, primarily due to reduced production levels, with plant shutdowns in North America and EMEA in response to the COVID-19 pandemic, (ii) an increase of €115 million in inventories reflecting the decrease in shipments due to disrupted global demand as a result of the COVID-19 pandemic, and (iii) a decrease of €136 million in other liabilities and payables net of other receivables, partially offset by (iv) a decrease in trade receivables of €276 million due to lower shipments.

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.

#### Investing Activities

For the six months ended June 30, 2020, cash used in investing activities was primarily the result of (1) €3,992 million of capital expenditures, including €1,241 million of capitalized development expenditures, partially offset by (2) a decrease in receivables from financing activities of €718 million, which was mainly attributable to lower volumes of dealer financing in LATAM and EMEA.

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.

#### Financing Activities

For the six months ended June 30, 2020, cash flows from financing activities resulted primarily from the draw downs of €1.5 billion of existing bilateral lines of credit, the €0.3 billion loan with European Investment Bank announced on March 18, 2020, the €6.25 billion of revolving credit facilities as well as the €1.8 billion draw down of the €6.3 billion Intesa Sanpaolo Credit Facility, which was announced on June 24, 2020. These were partially offset by the repayment of notes as well as other long-term and short-term debt. Refer to Note 14, *Debt*, in the Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this report, for further information.

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.

### *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, 2020 and 2019:

(€ million)	Six months ended June 30,	
	2020	2019
<b>Cash flows from operating activities</b>	€ (6,032)	€ 3,751
Less: Cash flows from operating activities - discontinued operations	—	(308)
<b>Cash flows from operating activities - continuing operations</b>	<b>(6,032)</b>	<b>4,059</b>
Less: Operating activities not attributable to industrial activities	17	46
Less: Capital expenditures for industrial activities	3,991	3,329
Add: Net intercompany payments between continuing operations and discontinued operations	—	(200)
Add: Discretionary pension contribution, net of tax	68	—
<b>Industrial free cash flows</b>	<b>€ (9,972)</b>	<b>€ 484</b>

For the six months ended June 30, 2020 Industrial free cash flows from continuing operations decreased by €10.5 billion as compared to the same period in 2019, primarily reflecting negative working capital impacts as referred to above, as well as higher capital expenditures during the first quarter.

## Important events during the six months ended June 30, 2020

Refer to the section *COVID-19 update* included earlier in this Semi-Annual Report for a summary of the COVID-19 impacts and actions taken by the Group.

On March 18, 2020, due to the continued uncertainty of market conditions and regional operating restrictions related to the evolving COVID-19 pandemic, the Group withdrew its FY 2020 Guidance. Refer to *Outlook* included elsewhere in this Semi-Annual Report for expectations for the second half of 2020.

On March 18, 2020, the Group announced that it entered into an agreement for a €300 million five-year loan with the European Investment Bank (“EIB”) to support specific investments to be implemented by FCA through 2021. Refer to Note 14, *Debt* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

On March 26, 2020, the Group announced that it had entered into a new credit facility (the “Bridge Credit Facility”). The Bridge Credit Facility, initially entered into with two banks and then successfully syndicated to thirteen banks, including the two original underwriting banks, would be available for general corporate purposes and for working capital needs of the Group and was structured as a bridge facility to capital markets. Refer to Note 14, *Debt* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

On March 26, 2020, the tenor of the three-year Tranche A of the Group's €6.25 billion revolving credit facility, for Euro €3.125 billion, was extended by one year to April 27, 2023. On April 21, 2020, the Group announced that, in light of the continuing uncertainty relating to the impacts of COVID-19, it had drawn down its €6.25 billion revolving credit facility originally signed in June 2015 and last amended in March 2019. Refer to Note 14, *Debt* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

On May 13, 2020, further to the planned 50/50 merger of their businesses announced in December 2019, the board of directors of Fiat Chrysler Automobiles N.V. and the managing board of Peugeot S.A. announced the decision by each company to not distribute an ordinary dividend in 2020 related to fiscal year 2019, in light of the impact from the COVID-19 crisis.

On May 28, 2020, Moody’s Investors Service confirmed the “Ba1” Corporate Family Rating on FCA N.V and the “Ba2” ratings on the senior unsecured instruments issued or guaranteed by FCA N.V., with the outlook on all ratings developing. This rating action concludes a review with direction uncertain that began on March 25, 2020.

On June 24, 2020, the Group announced that FCA Italy S.p.A., a wholly owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group had signed a 3-year, €6.3 billion credit facility with Intesa Sanpaolo. Refer to Note 14, *Debt* in the Semi-Annual Consolidated Financial Statements included elsewhere in this report.

SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS OF AND FOR THE  
THREE AND SIX MONTHS ENDED JUNE 30, 2020

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net revenues	3	€ 11,707	€ 26,741	€ 32,274	€ 51,222
Cost of revenues		11,043	23,089	29,921	44,270
Selling, general and other costs		1,041	1,573	2,480	3,090
Research and development costs		576	782	1,509	1,455
Result from investments		31	58	73	116
(Losses)/gains on disposal of investments		(1)	7	4	7
Restructuring costs	13	23	(8)	43	196
Net financial expenses	4	237	260	450	504
<b>(Loss)/Profit before taxes</b>		<b>(1,183)</b>	<b>1,110</b>	<b>(2,052)</b>	<b>1,830</b>
Tax (benefit)/expense	5	(135)	317	690	529
<b>Net (loss)/profit from continuing operations</b>		<b>(1,048)</b>	<b>793</b>	<b>(2,742)</b>	<b>1,301</b>
Profit from discontinued operations, net of tax	2	—	3,859	—	3,970
<b>Net (loss)/profit</b>		<b>€ (1,048)</b>	<b>€ 4,652</b>	<b>€ (2,742)</b>	<b>€ 5,271</b>
<b>Net (loss)/profit attributable to:</b>					
Owners of the parent		€ (1,038)	€ 4,650	€ (2,734)	€ 5,265
Non-controlling interests		(10)	2	(8)	6
		<b>€ (1,048)</b>	<b>€ 4,652</b>	<b>€ (2,742)</b>	<b>€ 5,271</b>
<b>Net (loss)/profit from continuing operations attributable to:</b>					
Owners of the parent		€ (1,038)	€ 788	€ (2,734)	€ 1,297
Non-controlling interests		(10)	5	(8)	4
		<b>€ (1,048)</b>	<b>€ 793</b>	<b>€ (2,742)</b>	<b>€ 1,301</b>
<b>(Loss)/earnings per share:</b>					
	20				
Basic (loss)/earnings per share		€ (0.66)	€ 2.97	€ (1.74)	€ 3.37
Diluted (loss)/earnings per share		€ (0.66)	€ 2.96	€ (1.74)	€ 3.35
<b>(Loss)/earnings per share from continuing operations:</b>					
	20				
Basic (loss)/earnings per share		€ (0.66)	€ 0.50	€ (1.74)	€ 0.83
Diluted (loss)/earnings per share		€ (0.66)	€ 0.50	€ (1.74)	€ 0.83

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,	
		2020	2019	2020	2019
<b>Net (loss)/profit (A)</b>		€ (1,048)	€ 4,652	€ (2,742)	€ 5,271
Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:	19				
Losses on re-measurement of defined benefit plans		—	—	—	—
Related tax impact		—	—	—	—
Items relating to discontinued operations, net of tax		—	(9)	—	(9)
<b>Total items that will not be reclassified to the Consolidated Income Statement in subsequent periods (B1)</b>		—	(9)	—	(9)
Items that may be reclassified to the Consolidated Income Statement in subsequent periods:	19				
Losses on cash flow hedging instruments		(108)	(75)	(306)	(173)
Exchange losses on translating foreign operations		(481)	(215)	(790)	221
Share of Other comprehensive income/(loss) for equity method investees		(29)	(19)	(56)	(23)
Related tax impact		28	21	92	48
Items relating to discontinued operations, net of tax		—	(4)	—	9
<b>Total items that may be reclassified to the Consolidated Income Statement in subsequent periods (B2)</b>		(590)	(292)	(1,060)	82
<b>Total Other comprehensive income/(loss), net of tax (B1)+(B2)=(B)</b>		(590)	(301)	(1,060)	73
<b>Total Comprehensive income (A)+(B)</b>		€ (1,638)	€ 4,351	€ (3,802)	€ 5,344
Total Comprehensive income attributable to:					
Owners of the parent		€ (1,627)	€ 4,349	€ (3,789)	€ 5,335
Non-controlling interests		(11)	2	(13)	9
		€ (1,638)	€ 4,351	€ (3,802)	€ 5,344
<b>Total Comprehensive income attributable to owners of the parent:</b>					
Continuing operations		€ (1,627)	€ 499	€ (3,789)	€ 1,368
Discontinued operations		—	3,850	—	3,967
		€ (1,627)	€ 4,349	€ (3,789)	€ 5,335

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, 2020	At December 31, 2019
<b>Assets</b>			
Goodwill and intangible assets with indefinite useful lives	6	€ 14,299	€ 14,257
Other intangible assets		12,715	12,447
Property, plant and equipment		28,063	28,608
Investments accounted for using the equity method		1,953	2,009
Other financial assets		247	340
Deferred tax assets		1,181	1,689
Other receivables	9	1,882	2,376
Tax receivables		103	94
Prepaid expenses and other assets		457	535
Other non-current assets		732	757
<b>Total Non-current assets</b>		<b>61,632</b>	<b>63,112</b>
Inventories	10	9,639	9,722
Assets sold with a buy-back commitment		1,318	1,626
Trade and other receivables	9	5,251	6,628
Tax receivables		248	372
Prepaid expenses and other assets		495	524
Other financial assets		805	670
Cash and cash equivalents		13,914	15,014
Assets held for sale		306	376
<b>Total Current assets</b>		<b>31,976</b>	<b>34,932</b>
<b>Total Assets</b>		<b>€ 93,608</b>	<b>€ 98,044</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to owners of the parent	19	€ 24,776	€ 28,537
Non-controlling interests		124	138
<b>Total Equity</b>		<b>24,900</b>	<b>28,675</b>
<b>Liabilities</b>			
Long-term debt	14	15,625	8,025
Employee benefits liabilities	12	8,551	8,507
Provisions	13	4,939	5,027
Other financial liabilities		23	124
Deferred tax liabilities		1,778	1,628
Tax liabilities		281	278
Other liabilities	15	2,326	2,426
<b>Total Non-current liabilities</b>		<b>33,523</b>	<b>26,015</b>
Trade payables		15,957	21,616
Short-term debt and current portion of long-term debt	14	4,827	4,876
Other financial liabilities		686	194
Employee benefits liabilities	12	477	544
Provisions	13	7,126	8,978
Tax liabilities		101	122
Other liabilities	15	5,837	6,788
Liabilities held for sale		174	236
<b>Total Current liabilities</b>		<b>35,185</b>	<b>43,354</b>
<b>Total Equity and liabilities</b>		<b>€ 93,608</b>	<b>€ 98,044</b>

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)

	Note	Six months ended June 30,	
		2020	2019
<b>Cash flows (used in)/from operating activities:</b>			
Net (loss)/profit from continuing operations	€	(2,742)	€ 1,301
Amortization and depreciation		2,605	2,741
Change in inventories, trade and other liabilities, payables and receivables		(5,394)	722
Dividends received		73	66
Change in provisions		(1,936)	(1,251)
Change in deferred taxes		653	185
Other changes		709	295
Cash flows (used in)/from operating activities - discontinued operations		—	(308)
<b>Total</b>		<b>(6,032)</b>	<b>3,751</b>
<b>Cash flows (used in)/from investing activities:</b>			
Investments in property, plant and equipment and intangible assets		(3,992)	(3,330)
Net change in receivables from financing activities		718	276
Change in securities		319	(114)
Other changes		68	52
Net cash proceeds from disposal of discontinued operations		—	5,348
Cash flows used in investing activities - discontinued operations		—	(155)
<b>Total</b>		<b>(2,887)</b>	<b>2,077</b>
<b>Cash flows from/(used in) financing activities:</b>			
Repayment of notes	14	(1,376)	—
Proceeds of other long-term debt		10,083	176
Repayment of other long-term debt	14	(594)	(555)
Net change in short-term debt and other financial assets/liabilities		(65)	(576)
Distributions paid		—	(3,056)
Cash flows from/(used in) financing activities - discontinued operations		—	325
<b>Total</b>		<b>8,048</b>	<b>(3,686)</b>
Translation exchange differences		(233)	95
<b>Total change in Cash and cash equivalents</b>		<b>(1,104)</b>	<b>2,237</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>15,014</b>	<b>12,450</b>
Add: Cash and cash equivalents at beginning of the period - included within Assets held for sale		17	719
Total change in Cash and cash equivalents		(1,104)	2,237
Less: Cash and cash equivalents at end of the period - included within Assets held for sale		13	—
<b>Cash and cash equivalents at end of the period</b>	€	<b>13,914</b>	<b>€ 15,406</b>

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	Remeasurement of defined benefit plans	Cumulative share of OCI of equity method investees	Non-controlling interests	Total
<b>At December 31, 2018</b>	€ 19	€ 24,650	€ 45	€ 1,011	€ (1)	€ (567)	€ (455)	€ 201	€ 24,903
Impact from the adoption of IFRS 16 <sup>(1)</sup>	—	—	—	—	—	—	—	—	—
<b>At January 1, 2019</b>	<b>19</b>	<b>24,650</b>	<b>45</b>	<b>1,011</b>	<b>(1)</b>	<b>(567)</b>	<b>(455)</b>	<b>201</b>	<b>24,903</b>
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 <sup>(2)</sup>	—	50	—	—	—	—	—	—	50
Sale of Magneti Marelli	—	(109)	(6)	97	—	109	—	(47)	44
Other changes <sup>(3)</sup>	—	13	(12)	—	—	—	—	—	1
<b>At June 30, 2019</b>	<b>€ 19</b>	<b>€ 26,813</b>	<b>€ (95)</b>	<b>€ 1,332</b>	<b>€ (1)</b>	<b>€ (467)</b>	<b>€ (478)</b>	<b>€ 134</b>	<b>€ 27,257</b>

(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

	Attributable to owners of the parent								
	Share capital	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial Assets measured at FVOCI	Remeasurement of defined benefit plans	Cumulative share of OCI of equity method investees	Non-controlling interests	Total
<b>At December 31, 2019</b>	€ 20	€ 28,245	€ (114)	€ 1,378	€ 5	€ (522)	€ (475)	€ 138	€ 28,675
Distributions	—	—	—	—	—	—	—	—	—
Net (loss)/profit	—	(2,734)	—	—	—	—	—	(8)	(2,742)
Other comprehensive (loss)/income	—	—	(215)	(784)	—	—	(56)	(5)	(1,060)
Share-based compensation <sup>(1)</sup>	—	31	—	—	—	—	—	—	31
Other changes <sup>(2)</sup>	—	6	(9)	—	—	—	—	(1)	(4)
<b>At June 30, 2020</b>	<b>€ 20</b>	<b>€ 25,548</b>	<b>€ (338)</b>	<b>€ 594</b>	<b>€ 5</b>	<b>€ (522)</b>	<b>€ (531)</b>	<b>€ 124</b>	<b>€ 24,900</b>

(1) Includes €1 million tax benefit related to the long-term incentive plans.

(2) Includes €9 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.

**FIAT CHRYSLER AUTOMOBILES N.V. AND SUBSIDIARIES**  
**NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**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, 2020 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.<sup>(1)</sup> 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, 2019 included within the Annual Report and Form 20-F for the year ended December 31, 2019, filed with the SEC and AFM on February 25 and February 26, 2020, respectively, (the “FCA Consolidated Financial Statements at December 31, 2019”). The accounting policies are consistent with those used at December 31, 2019, except as described in the section — *New standards and amendments effective from January 1, 2020* below.

**Basis of preparation**

The Semi-Annual Consolidated Financial Statements are prepared under the historical cost method, modified for the measurement of certain financial instruments as required, as well as on a going concern basis. In this respect, the Group’s assessment is that no material uncertainties (as defined in IAS 1 - *Presentation of Financial Statements*) exist about its ability to continue as a going concern.

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, 2019.

**COVID-19 impacts**

During the first half of 2020, the COVID-19 virus spread worldwide and was declared a pandemic by the World Health Organization on March 11, 2020. In response, many governments in affected jurisdictions imposed travel bans, quarantines and other emergency public safety measures. For example, governments have imposed restrictions on travel and the movement and gathering of people, as well as restrictions on economic activity. At July 31, 2020, many of these measures are still in place.

As the severity of the COVID-19 pandemic became apparent, FCA leadership took actions to protect our employees and communities, as well as strengthen our financial position and limit the impact on our financial performance.

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*(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.*

The Group implemented a temporary suspension of production across its facilities: in APAC starting with China on January 23; in EMEA, starting with Italy from March 11; in Maserati beginning March 12; in North America phased-in progressively from March 18; and in LATAM on March 23. The Group also implemented remote working arrangements, where feasible, across all regions at various stages during the first quarter, and has restricted both domestic and international business travel since late February. These arrangements were structured to ensure continuation of critical activities, including, but not limited to, appropriate functioning of our internal controls and financial reporting systems and processes.

The Group worked closely with all relevant stakeholders, including unions and dealer representatives, to develop and implement plans to restart production and vehicle sales once governments in various jurisdictions permitted, including the development of enhanced sanitizing and health and safety procedures. On February 19 and February 24, 2020, production restarted at our GAC Fiat Chrysler Automobiles Co. joint venture plants in Guangzhou and Changsha, China, respectively. On April 27, 2020, production restarted at our Sevel joint venture plant in Atesa, Italy. Production restarted in all North American plants by June 1, 2020; in India on May 18, 2020; and in Latin America by May 11, 2020. European production has resumed and a full restart is expected in the third quarter of 2020. Return to work procedures for our offices and other facilities will also be phased in with expected continued widespread use of remote working practices.

On April 3, 2020, FCA announced that the Annual General Meeting of the Company's shareholders ("AGM") scheduled for April 16, 2020 would be postponed to late June 2020, including the postponement of the resolution on the proposed 2019 €1.1 billion ordinary dividend. Further to the planned 50/50 merger of their businesses announced in December 2019, on May 13, 2020, the board of directors of Fiat Chrysler Automobiles N.V. and the managing board of Peugeot S.A. announced the decision by each company to not distribute an ordinary dividend in 2020 related to financial year 2019, in light of the impact from the COVID-19 crisis. The postponed AGM was held on June 26, 2020.

The COVID-19 pandemic had significant negative impacts on FCA's results for the six months ended June 30, 2020. The contraction of global demand, temporary suspensions of production in all regions and closure of a majority of dealerships significantly contributed to reduced consolidated shipments.

Refer to the following disclosures for further information regarding the impacts to our financial statements:

- Note 5, *Tax (benefit)/expense* for detail on the write-down of deferred tax assets in Italy and Brazil;
- Note 6, *Goodwill and intangible assets with indefinite useful lives* for detail on assessment of and impairment testing on goodwill allocated to the EMEA and LATAM operating segments;
- Note 7, *Other intangible assets* and Note 8, *Property, plant and equipment* for detail on assessment of cash generating units ("CGUs") in North America, EMEA, LATAM and Maserati operating segments and impairments recognized for CGUs in EMEA, LATAM and Maserati operating segments; and
- Note 14, *Debt* for details on changes in the Group's liquidity and financial position.

#### **New standards and amendments effective from January 1, 2020**

The following amendments and interpretations, which were effective from January 1, 2020, 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 October 2018, the IASB issued amendments to IFRS 3 - *Business Combinations* which change the definition of a business to enable entities to determine whether an acquisition is a business combination or an asset acquisition.
- In October 2018, the IASB issued amendments to its definition of material in IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates* clarifying the definition of materiality to aid in application.

- In September 2019, the IASB issued *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*, which modifies some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by IBOR reform. In addition, the amendments require companies to provide additional information to investors about hedging relationships directly affected by these uncertainties.

#### **New standards and amendments effective from June 1, 2020**

- In May 2020, the IASB issued an amendment to IFRS 16 - *Leases* to make it easier for lessees to account for COVID-19 related rent concessions such as rent holidays and temporary rent reductions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendment does not affect lessors. The amendment is effective June 1, 2020 but can be applied immediately to any financial statements—interim or annual—not yet authorized for issue. The amendment is voluntary and has not yet been endorsed by the EU.

#### **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, 2019 for a description of new standards not yet effective as of June 30, 2020.

- In May 2020, the IASB issued Annual Improvements to IFRSs 2018-2020, which includes amendments to the following standards: updating a reference in IFRS 3 - *Business Combinations* to the Conceptual Framework for Financial Reporting; in IAS 16 - *Property, Plant and Equipment*, prohibiting the deduction of amounts received from selling items produced whilst preparing the asset for its intended use from the cost of property, plant and equipment; in IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, specifying what costs are to be included when assessing whether a contract will be loss-making; and minor amendments to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, IFRS 9 - *Financial Instruments*, IAS 41 - *Agriculture* and the Illustrative Examples accompanying IFRS 16 - *Leases*. The amendments are effective January 1, 2022. We are currently evaluating the impact of adoption on our Consolidated Financial Statements.
- In June 2020, the IASB issued amendments to IFRS 17 - *Insurance Contracts* aimed at helping companies implement the standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. We do not expect a material impact to our Consolidated Financial Statements or disclosures upon adoption of the amendments.
- In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. In July 2020, the IASB deferred the effective date of this amendment to January 1, 2023. We are currently evaluating the impact of adoption on our Consolidated Financial Statements.

## Exchange rates

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

	For the six months ended June 30, 2020	At June 30, 2020	At December 31, 2019	For the six months ended June 30, 2019	At June 30, 2019
U.S. Dollar (U.S.\$)	1.102	1.120	1.123	1.130	1.138
Brazilian Real (BRL)	5.410	6.112	4.516	4.342	4.351
Chinese Renminbi (CNY)	7.751	7.922	7.821	7.668	7.819
Canadian Dollar (CAD)	1.503	1.532	1.460	1.507	1.489
Mexican Peso (MXN)	23.843	25.947	21.220	21.654	21.820
Polish Zloty (PLN)	4.412	4.456	4.257	4.292	4.250
Argentine Peso (ARS) <sup>(1)</sup>	78.890	78.890	67.258	48.331	48.331
Pound Sterling (GBP)	0.875	0.912	0.851	0.874	0.897
Swiss Franc (CHF)	1.064	1.065	1.085	1.129	1.111

*(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 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 €5,772 million (including €5,774 million cash consideration, contingent consideration receivable with a fair value of €70 million, contingent consideration payable by FCA of €16 million, costs relating to the transaction of €16 million and a preliminary purchase price adjustment of approximately €40 million). On April 26, 2020, the final purchase price adjustment was agreed, substantially confirming the preliminary amount.

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

	<b>At May 2, 2019</b>	
	(€ 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)
<b>Net asset sold</b>	<b>€</b>	<b>1,910</b>
Consideration		5,812
Reclassification of amounts in OCI relating to Magneti Marelli <sup>(1)</sup>		(91)
<b>Gain on sale attributable to FCA</b>	<b>€</b>	<b>3,811</b>

*(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 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 months ended June 30, 2019:

	<b>Three months ended June 30, 2019<sup>(1)</sup></b>	<b>Six months ended June 30, 2019<sup>(1)</sup></b>
	(€ million)	
Net revenues	€ 482	€ 1,657
Expenses	413	1,447
Net financial (income)/expenses	(8)	5
<b>Profit before taxes from discontinued operations</b>	<b>77</b>	<b>205</b>
Tax expense	27	44
<b>Profit after taxes from discontinued operations</b>	<b>50</b>	<b>161</b>
Add: Gain on sale attributable to FCA	3,811	3,811
Less: Tax expense on gain on sale	2	2
<b>Profit from discontinued operations, net of tax</b>	<b>€ 3,859</b>	<b>€ 3,970</b>

*(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.*

### **Plastic components and automotive modules business held for sale**

During the year ended December 31, 2019, certain entities within our plastic components and automotive modules business met the criteria to be presented as held for sale. On January 31, 2020, the Group entered into agreements for the sale of several of the groups of assets within our plastic components and automotive modules businesses for a total sale price of €47.5 million, resulting in a gain on disposal of €5 million.

### **Teksid Cast Iron Components Business Held for Sale**

During December 2019, FCA announced that it had entered into an agreement with Tupy S.A. for the sale of FCA's global cast iron automotive components business, which is operated through FCA's subsidiary Teksid S.p.A.

The proposed sale includes Teksid's cast iron production facilities in Brazil, Mexico, Poland and Portugal, in addition to Teksid's interest in a joint venture in China and as a result the related assets and liabilities (€299 million and €174 million at June 30, 2020, respectively) met the criteria to be presented as held for sale from December 31, 2019. The agreement values the business at €210 million enterprise value. Consideration, subject to customary purchase price adjustments, will be paid at closing, expected between the third quarter of 2020 and the second quarter of 2021. The proposed transaction is subject to customary closing conditions, including the receipt of antitrust approvals.

Teksid's aluminum business is not included in the transaction and will remain part of the Group.

### 3. Net revenues

Net revenues were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(€ million)			
Revenues from:				
Sales of goods	€ 10,946	€ 25,442	€ 30,389	€ 48,686
Services provided	567	989	1,467	1,924
Construction contract revenues	104	174	210	347
Lease installments from assets sold with a buy-back commitment	51	86	129	163
Interest income of financial services activities	39	50	79	102
<b>Total Net revenues</b>	<b>€ 11,707</b>	<b>€ 26,741</b>	<b>€ 32,274</b>	<b>€ 51,222</b>

	Mass-Market Vehicles						
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Total
Three months ended June 30, 2020	(€ million)						
Revenues from:							
Sales of goods	€ 7,825	€ 433	€ 399	€ 2,060	€ 168	€ 61	€ 10,946
Services provided	363	27	3	114	15	45	567
Construction contract revenues	—	—	—	—	—	104	104
<b>Revenues from goods and services</b>	<b>8,188</b>	<b>460</b>	<b>402</b>	<b>2,174</b>	<b>183</b>	<b>210</b>	<b>11,617</b>
Lease installments from assets sold with a buy-back commitment	19	—	—	32	—	—	51
Interest income from financial services activities	—	16	14	8	1	—	39
<b>Total Net revenues</b>	<b>€ 8,207</b>	<b>€ 476</b>	<b>€ 416</b>	<b>€ 2,214</b>	<b>€ 184</b>	<b>€ 210</b>	<b>€ 11,707</b>

	Mass-Market Vehicles						
	North America	LATAM	APAC	EMEA	Maserati	Other activities	Total
Three months ended June 30, 2019	(€ 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
<b>Revenues from goods and services</b>	<b>17,590</b>	<b>2,028</b>	<b>732</b>	<b>5,491</b>	<b>341</b>	<b>423</b>	<b>26,605</b>
Lease installments from assets sold with a buy-back commitment	36	—	—	50	—	—	86
Interest income from financial services activities	—	31	16	3	—	—	50
<b>Total Net revenues</b>	<b>€ 17,626</b>	<b>€ 2,059</b>	<b>€ 748</b>	<b>€ 5,544</b>	<b>€ 341</b>	<b>€ 423</b>	<b>€ 26,741</b>

Six months ended June 30, 2020	Mass-Market Vehicles						Other activities	Total
	North America	LATAM	APAC	EMEA	Maserati	(€ million)		
Revenues from:								
Sales of goods	€ 21,766	€ 1,680	€ 837	€ 5,510	€ 411	€ 185	€ 30,389	
Services provided	937	78	6	320	24	102	1,467	
Construction contract revenues	—	—	—	—	—	210	210	
<b>Revenues from goods and services</b>	<b>22,703</b>	<b>1,758</b>	<b>843</b>	<b>5,830</b>	<b>435</b>	<b>497</b>	<b>32,066</b>	
Lease installments from assets sold with a buy-back commitment	41	—	—	88	—	—	129	
Interest income from financial services activities	—	38	29	11	1	—	79	
<b>Total Net revenues</b>	<b>€ 22,744</b>	<b>€ 1,796</b>	<b>€ 872</b>	<b>€ 5,929</b>	<b>€ 436</b>	<b>€ 497</b>	<b>€ 32,274</b>	

Six months ended June 30, 2019	Mass-Market Vehicles						Other activities	Total
	North America	LATAM	APAC	EMEA	Maserati	(€ 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	
<b>Revenues from goods and services</b>	<b>33,615</b>	<b>3,917</b>	<b>1,297</b>	<b>10,487</b>	<b>809</b>	<b>832</b>	<b>50,957</b>	
Lease installments from assets sold with a buy-back commitment	64	—	—	99	—	—	163	
Interest income from financial services activities	—	60	32	10	—	—	102	
<b>Total Net revenues</b>	<b>€ 33,679</b>	<b>€ 3,977</b>	<b>€ 1,329</b>	<b>€ 10,596</b>	<b>€ 809</b>	<b>€ 832</b>	<b>€ 51,222</b>	

#### 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,	
	2020	2019	2020	2019
	(€ million)			
<b>Interest income and other financial income</b>	€ 23	€ 74	€ 64	€ 124
<b>Financial expenses:</b>				
Interest expense and other financial expenses	111	202	231	411
Interest on lease liabilities	22	22	45	41
Write-down of financial assets	2	4	28	10
Net interest expense on employee benefits provisions	57	74	113	147
<b>Total Financial expenses</b>	<b>192</b>	<b>302</b>	<b>417</b>	<b>609</b>
Net expenses from derivative financial instruments and exchange rate differences	68	32	97	19
<b>Total Financial expenses and Net expenses from derivative financial instruments and exchange rate differences</b>	<b>260</b>	<b>334</b>	<b>514</b>	<b>628</b>
<b>Net financial expenses</b>	<b>€ 237</b>	<b>€ 260</b>	<b>€ 450</b>	<b>€ 504</b>

#### 5. Tax (benefit)/expense

Tax (benefit)/expense was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(€ million)			
Current tax (benefit)/expense	€ (49)	€ 173	€ 10	€ 319
Deferred tax (benefit)/expense	(79)	134	649	188
Tax (benefit)/expense relating to prior periods	(7)	10	31	22
<b>Total Tax (benefit)/expense</b>	<b>€ (135)</b>	<b>€ 317</b>	<b>€ 690</b>	<b>€ 529</b>

The effective tax rate was 11.4 percent and (33.6) percent for the three and six months ended June 30, 2020, respectively.

The effective tax rate was 28.6 percent and 28.9 percent for the three and six months ended June 30, 2019, respectively.

The decrease in the effective tax rate for the three months ended June 30, 2020, compared to the corresponding period in 2019, primarily related to a decrease in profit before tax and an increase in unrecognized deferred tax assets.

The change in the effective tax rate during the six months ended June 30, 2020, compared to the corresponding period in 2019, primarily related to a decrease in profit before tax, increase in unrecognized deferred tax assets, adjustments to deferred tax liabilities and the write-down of deferred tax assets, as described below.

During the three months ended March 31, 2020, the Group reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets in Italy and Brazil, primarily in relation to tax loss carry-forwards in each respective country. As a result of this assessment, a write-down of €549 million of deferred tax assets was recorded for the three months ended March 31, 2020. Of this write-down, €446 million primarily related to Italian tax loss carry-forwards and €103 million related to Brazilian tax loss carry-forwards.

As there were no material changes in our cash flow forecasts, which were developed in connection with our Q1 reporting, no new indicators of impairment were identified during the three months ended June 30, 2020, and no further assessment was performed.

## 6. Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives at June 30, 2020 and December 31, 2019 are summarized below:

	At June 30, 2020	At December 31, 2019
	(€ million)	
Goodwill	€ 11,097	€ 11,065
Other intangible assets with indefinite useful lives	3,202	3,192
<b>Total Goodwill and intangible assets with indefinite useful lives</b>	<b>€ 14,299</b>	<b>€ 14,257</b>

The increase during the six months ended June 30, 2020 primarily related to foreign currency translation of the U.S. Dollar to the Euro.

### Goodwill impairment testing

In accordance with IAS 36 - *Impairment of Assets*, goodwill and intangible assets with indefinite useful lives are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.

Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or to CGUs within the operating segments. The impairment test is performed by comparing the carrying amount (which mainly comprises property, plant and equipment, goodwill, brands and capitalized development expenditures) and the recoverable amount of each cash-generating unit ("CGU") or group of CGUs to which Goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. The balance of Goodwill and intangible assets with indefinite useful lives recognized by the Group primarily relates to the acquisition of FCA US. Goodwill from the acquisition of FCA US has been allocated to the North America, EMEA, APAC and LATAM operating segments.

Due to the identification of indicators of impairment, primarily as the Group reviewed its business and operations to take into consideration the potential impacts and effects of the COVID-19 pandemic, including the estimated impact on the macro economic environment, the market outlook and the Group's operations, the goodwill allocated to the EMEA and LATAM operating segments were tested for impairment at March, 31 2020.

Of total Goodwill and intangible assets with indefinite useful lives of €14,614 million at March 31, 2020, €275 million and €577 million (€269 million and €563 million at December 31, 2019) of goodwill was allocated to the EMEA and LATAM segments, respectively. No intangible assets with indefinite useful lives, other than goodwill, are recognized within the EMEA and LATAM segments.

The assumptions used in the goodwill impairment test for the EMEA and LATAM segments as of March 31, 2020, represent management's best estimate for the period under consideration.

- The estimate of the recoverable amount for purposes of performing the EMEA and LATAM goodwill impairment test was determined using value-in-use at March 31, 2020 and was based on the following assumptions:
  - The expected future cash flows covering the period from 2020 through 2024. These expected cash flows reflect the current expectations regarding economic conditions and market trends as well as the segment specific initiatives for the period 2020 to 2024. These cash flows relate to the operating segments in their current condition when preparing the financial statements and exclude the estimated cash flows that might arise from future restructuring plans or other structural changes. Key assumptions used in estimating the future cash flows are those related to volumes, sales mix, profit margins, expected conditions regarding market trends and segment, brand and model market share for the respective operating segment over the period considered.
  - The expected future cash flows include a normalized terminal period to estimate the future result beyond the time period explicitly considered which incorporates a long-term growth rate assumption of 2 percent. The long-term EBIT margins have been set considering historical margins, the margins incorporated into the plan, and other market data, as adjusted for the stage in the economic cycle of the regions and any specific circumstances (for example, in LATAM, the long-term EBIT margin has been adjusted to assume no extension of the Brazilian tax benefits beyond 2025).
  - Pre-tax cash flows have been discounted using a pre-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The pre-tax Weighted Average Cost of Capital (“WACC”) applied ranged from 9.5 percent to 16 percent.
    - Expected future cash flows are sensitive to changes in the WACC, such that an increase of 25 basis points and 40 basis points in the WACC for the EMEA and LATAM segments respectively, would reduce the recoverable value down to its carrying amount.

The pre-tax WACC was calculated using the Capital Asset Pricing Model technique. The recoverable amounts for EMEA and LATAM operating segments estimated using the assumptions described above were determined to be in excess of the carrying amount of goodwill allocated to the EMEA and LATAM operating segments, respectively. As such, no impairment charges were recognized for goodwill for the three months ended March 31, 2020.

As there were no material changes in our cash flow forecasts, which were developed in connection with our Q1 reporting, and considering our assessment of internal and external information, no new indicators of impairment were noted and no further impairment testing was performed during the three months ended June 30, 2020.

## **7. Other intangible assets**

During the three months ended March 31, 2020, impairment tests were performed comparing the carrying amount of the assets included in the respective CGUs to their value in use. The value in use of the CGUs was determined using a discounted cash flow methodology based primarily on unobservable inputs, including estimated pre-tax future cash flows attributable to the CGUs and a pre-tax discount rate reflecting a current market assessment.

As of March 31, 2020, the Group reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the Group's operations. Using the updated information, we performed an assessment of the recoverability of certain of our assets as of March 31, 2020. Specifically, we reviewed our cash generating units ("CGUs") and goodwill and intangible assets with indefinite useful lives for indicators of impairment. Certain CGUs, primarily those that were expected to be more sensitive to the current market outlook, in North America, EMEA, LATAM and Maserati segments, as well as goodwill allocated to EMEA and LATAM segments, were found to have indicators of impairment, and were therefore subject to impairment testing. As a result of this impairment testing, impairment charges totaling €450 million, primarily as a result of reduced volume expectations, were recognized on CGUs within the EMEA, LATAM and Maserati segments composed of €247 million of *Property, plant and equipment* recognized within *Cost of revenues* and €203 million of previously capitalized development costs recognized within *Research and development costs*. Of these charges, €178 million relates to the EMEA segment, €161 million relates to the LATAM segment, and €111 million relates to the Maserati segment, which is incremental to the impairment recognized in Maserati discussed below.

In addition to the impairments discussed above, during the three months ended March 31, 2020, certain assets within the Maserati segment were impaired in connection with decisions that were made regarding the planned utilization of certain assembly assets to more efficiently utilize the Group's manufacturing capacity as part of the implementation of the previously announced Maserati product renewal activities. As a result of these decisions, impairment charges were recognized totaling €177 million, composed of €85 million of *Property, plant and equipment* recognized within *Cost of revenues* and €92 million of previously capitalized development expenditures recognized within *Research and development costs*.

As there were no material changes in our cash flow forecasts, which were developed in connection with our Q1 reporting, and considering our assessment of internal and external information, no new indicators of impairment were noted and no further impairment testing was performed during the three months ended June 30, 2020.

## 8. Property, plant and equipment

Refer to Note 7, *Other intangible assets* for additional details on impairments of €247 million of Property, plant and equipment recognized within *Cost of revenues*. In addition to the impairments discussed above, during the three months ended March 31, 2020, certain assets within the Maserati segment were impaired in connection with decisions that were made regarding the planned utilization of certain assembly assets to more efficiently utilize the Group's manufacturing capacity as part of the implementation of the previously announced Maserati product renewal activities. As a result of these decisions, impairment charges were recognized totaling €177 million, composed of €85 million of *Property, plant and equipment* recognized within *Cost of revenues* and €92 million of previously capitalized development expenditures recognized within *Research and development costs*. Impairment expense of €16 million was also recognized in North America for assets which had become idle during the period.

As there were no material changes in our cash flow forecasts, which were developed in connection with our Q1 reporting, and considering our assessment of internal and external information, no new indicators of impairment were noted and no further impairment testing was performed during the three months ended June 30, 2020.

## 9. Trade and other receivables

Trade and other receivables consisted of the following:

	At June 30, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Trade receivables	€ 1,764	€ —	€ 1,764	€ 2,064	€ —	€ 2,064
Receivables from financing activities	1,924	277	2,201	2,855	300	3,155
Other receivables	1,563	1,605	3,168	1,709	2,076	3,785
<b>Total Trade and other receivables</b>	<b>€ 5,251</b>	<b>€ 1,882</b>	<b>€ 7,133</b>	<b>€ 6,628</b>	<b>€ 2,376</b>	<b>€ 9,004</b>

As disclosed in Note 22, *Other liabilities and Tax payables*, in the FCA Consolidated Financial Statements at December 31, 2019, 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. On December 17, 2019, the Brazilian courts indicated that it would render a decision on the Brazilian government's appeal regarding the 2017 Supreme Court's decision with respect to the calculation of the state value added tax in the basis for federal tax on revenue on April 1, 2020, which has been subsequently postponed.

### **Transfer of financial assets**

At June 30, 2020, 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 €5,427 million (€7,301 million at December 31, 2019). The transfers related to trade receivables and other receivables of €3,756 million (€5,777 million at December 31, 2019) and financial receivables of €1,671 million (€1,524 million at December 31, 2019). These amounts included receivables of €3,420 million (€4,686 million at December 31, 2019), mainly due from the sales network, transferred to FCA Bank, our jointly-controlled financial services company.

## **10. Inventories**

	<u>At June 30, 2020</u>	<u>At December 31, 2019</u>
	(€ million)	
Finished goods and goods for resale	€ 5,100	€ 5,600
Work-in-progress, raw materials and manufacturing supplies	4,365	3,928
Construction contract assets	174	194
<b>Total Inventories</b>	<b>€ 9,639</b>	<b>€ 9,722</b>

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

	<u>At June 30, 2020</u>	<u>At December 31, 2019</u>
	(€ million)	
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	€ 622	€ 826
Less: Progress billings	518	715
<b>Construction contracts, net asset/(liability)</b>	<b>104</b>	<b>111</b>
Construction contract assets	174	194
Less: Construction contract liabilities (Note 15)	70	83
<b>Construction contracts, net asset/(liability)</b>	<b>€ 104</b>	<b>€ 111</b>

## **11. Share-based compensation**

### **2020-2022 Long Term Incentive Plan**

In December 2019, the Company's Board of Directors approved the 2020-2022 Long-Term Incentive Plan ("2020-2022 LTIP"), under the framework equity incentive plan. During May 2020, FCA awarded a total of 7.0 million Performance Share Units ("PSU") and 4.5 million Restricted Share Units ("RSU") to eligible employees under the 2020-2022 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 achievement of the targets for Adjusted EBIT, covering a three year period from 2020 to 2022 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 2020 through December 2022, 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 7.0 million units. 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. If the performance goals for the respective periods are met, the PSU awards will vest in the second quarter of 2023.

The RSU awards, which represent the right to receive FCA common shares, will vest in the second quarter of 2023. 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.

### ***Other Restricted Share Unit Grants***

During the six months ended June 30, 2020, FCA awarded 0.4 million RSUs to certain key employees of the Company, which represent the right to receive FCA common shares. A portion of these awards is expected to vest in Q3 2020, with the remaining portion expected to vest in 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 €15 million and €32 million was recorded for the PSU and RSU awards for the three and six months ended June 30, 2020, respectively. Including previously granted awards, total expense for the PSU and RSU awards of approximately €19 million and €38 million was recorded for the three and six months ended June 30, 2019, respectively.

The total number of PSU and RSU awards outstanding at June 30, 2020 was 14.5 million and 10.2 million respectively.

## **12. 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, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Pension benefits	€ 36	€ 5,118	€ 5,154	€ 38	€ 5,024	€ 5,062
Health care and life insurance plans	132	2,128	2,260	132	2,157	2,289
Other post-employment benefits	61	702	763	63	730	793
Other provisions for employees	248	603	851	311	596	907
<b>Total Employee benefits liabilities</b>	<b>€ 477</b>	<b>€ 8,551</b>	<b>€ 9,028</b>	<b>€ 544</b>	<b>€ 8,507</b>	<b>€ 9,051</b>

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

	Three months ended June 30,			
	2020		2019	
	Pension	OPEB	Pension	OPEB
	(€ million)			
Current service cost	€ 45	€ 7	€ 39	€ 6
Interest expense	198	21	239	27
Interest (income)	(164)	—	(196)	—
Other administrative costs	20	—	20	—
<b>Total</b>	<b>€ 99</b>	<b>€ 28</b>	<b>€ 102</b>	<b>€ 33</b>

	Six months ended June 30,			
	2020		2019	
	Pension	OPEB	Pension	OPEB
	(€ million)			
Current service cost	€ 91	€ 14	€ 78	€ 12
Interest expense	396	42	476	54
Interest (income)	(330)	—	(390)	—
Other administrative costs	41	—	40	—
<b>Total</b>	<b>€ 198</b>	<b>€ 56</b>	<b>€ 204</b>	<b>€ 66</b>

Total contributions of €99 million were made to our pension plans in the six months ended June 30, 2020, including an accelerated discretionary contribution of \$75 million (€68 million) in North America.

### 13. Provisions

	At June 30, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
		(€ million)				
Product warranty and recall campaigns	€ 2,092	€ 3,744	€ 5,836	€ 2,406	€ 3,900	€ 6,306
Sales incentives	4,006	—	4,006	5,479	—	5,479
Other provisions and risks	1,028	1,195	2,223	1,093	1,127	2,220
<b>Total Provisions</b>	<b>€ 7,126</b>	<b>€ 4,939</b>	<b>€ 12,065</b>	<b>€ 8,978</b>	<b>€ 5,027</b>	<b>€ 14,005</b>

During the six months ended June 30, 2020, a total provision for €41 million was recognized for restructuring costs, mainly in North America and LATAM, related to the recognition of provisions for workforce restructuring (refer to Note 21, *Segment reporting*).

During the six months ended June 30, 2020, approximately €0.1 billion of payments were made for civil, environmental and consumer claims related to U.S. diesel emissions matters accrued in 2018 (refer to Note 18, *Guarantees granted, commitments and contingent liabilities*).

## 14. Debt

	At June 30, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Notes	€ 1,097	€ 3,939	€ 5,036	€ 1,450	€ 4,942	€ 6,392
Borrowings from banks	2,594	10,286	12,880	2,097	1,599	3,696
Asset-backed financing	26	—	26	151	—	151
Lease liabilities	363	1,327	1,690	360	1,280	1,640
Other debt	747	73	820	818	204	1,022
<b>Total Debt<sup>(1)</sup></b>	<b>€ 4,827</b>	<b>€ 15,625</b>	<b>€ 20,452</b>	<b>€ 4,876</b>	<b>€ 8,025</b>	<b>€ 12,901</b>

(1) Debt at June 30, 2020, excludes €67 million of debt included within Liabilities held for sale. Refer to Note 2, Scope of consolidation.

### ***Borrowings from banks***

#### *European Investment Bank Borrowings*

On March 18, 2020, the Group announced that it entered into an agreement for a €300 million five-year loan with the European Investment Bank (“EIB”) to support specific investments to be implemented by FCA through 2021. The investments are primarily to support the manufacturing deployment of the advanced vehicle powertrain electrification technologies and, in particular, the setup of production lines for the manufacturing of plug-in hybrid electric vehicles (PHEVs) at FCA’s production plant in Melfi (Italy) and the manufacturing of battery electric vehicles (BEV) at the production plant in Mirafiori (Italy). The loan was fully drawn on March 26, 2020.

#### *Incremental Bridge Credit Facility*

On March 26, 2020, the Group announced that it had entered into a new credit facility (the “Bridge Credit Facility”). The Bridge Credit Facility, initially entered into with two banks and then successfully syndicated to thirteen banks, including the two original underwriting banks, was available for general corporate purposes and for working capital needs of the Group and was structured as a bridge facility to capital markets. On April 14, 2020, the Group announced completion of syndication. At June 30, 2020, the Bridge Credit Facility was fully undrawn. On July 7, 2020, the Bridge Credit Facility was cancelled.

#### *Other revolving lines of credit*

During the six months ended June 30, 2020, the Group drew down on existing bilateral revolving lines of credit totaling €1.5 billion, of which €0.2 billion had been repaid at maturity by June 30, 2020.

#### *Revolving Credit Facilities*

On March 26, 2020, the tenor of the three-year Tranche A of the Group's €6.25 billion revolving credit facility, for Euro €3.125 billion, was extended by one year to April 27, 2023. On April 21, 2020, the Group announced that, in light of the continuing uncertainty relating to the impacts of COVID-19, it had drawn down its €6.25 billion revolving credit facility originally signed in June 2015 and last amended in March 2019.

#### *Intesa Sanpaolo Credit Facility*

On June 24, 2020, FCA Italy S.p.A., a wholly-owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group entered into a facility agreement with Intesa Sanpaolo for borrowings of up to €6.3 billion to finance the Group’s activities in Italy. The facility is unsecured and guaranteed by FCA N.V. and will mature in March 2023, amortizing in five equal quarterly installments with the first such installment due on March 31, 2022. SACE (Italy’s export credit agency) will guarantee 80 percent of the borrowings under that facility pursuant to the recently enacted Italian Liquidity Decree. The facility and borrowings under the facility are at interest rates within a range that could be obtained in the market.

The covenants of the credit facility include financial covenants which apply under certain conditions, as well as negative pledge, pari passu, cross-default and change of control clauses. Failure to comply with these covenants, and in certain cases if not suitably remedied, can lead to the requirement of early repayment of any outstanding amounts.

In connection with SACE's guarantee, the Group has given the following industrial commitments applicable while any loans are outstanding under the facility: (i) to continue to carry out certain Italian investment projects currently underway and previously announced; (ii) not to delocalize outside Italy production of vehicles under such investment projects; and (iii) to pursue the goal of reducing temporary layoffs for employees engaged under such investment projects in Italy to nil by the end of 2023, each with agreed milestones for implementation. If the industrial commitments previously described are not implemented by the agreed milestones, the Group may at its option: (i) implement those industrial commitments within an additional six-month period following the milestones; (ii) negotiate and agree alternative milestones and/or commitments with the Italian government; or (iii) repay the loan at any time within 18 months (including a 6 months negotiation period) from the point of non-compliance.

In addition, while loans under the facility are outstanding, FCA N.V. has committed not to approve or pay dividends or other shareholder distributions in the 2020 calendar year (except dividends related to the pending merger with Peugeot S.A.), and the Italian subsidiaries of the Group have committed not to distribute dividends or to make other shareholder distributions until May 26, 2021.

During June 2020, €1.8 billion of the facility was drawn down, of which 80 percent is covered by the SACE guarantee.

#### *Undrawn committed credit lines*

At June 30, 2020, undrawn committed credit lines of €3.5 billion consisted of the bridge credit facility entered into in March 2020, as referred to below. At December 31, 2019, undrawn committed credit lines available totaling €7.6 billion included the €6.25 billion syndicated revolving credit facility and €1.3 billion of other bilateral revolving lines of credit.

#### *Notes*

On April 15, 2020, the Group repaid in full at maturity U.S.\$1.5 billion of 4.500% unsecured notes issued in April 2015. Refer to Note 22, *Subsequent events* for information on the offering of FCA notes under the MTN Programme.

## 15. Other liabilities

Other liabilities consisted of the following:

	At June 30, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Payables for GDP and buy-back agreements	€ 1,788	€ —	€ 1,788	€ 2,210	€ —	€ 2,210
Accrued expenses and deferred income	577	569	1,146	769	674	1,443
Indirect taxes payables	479	57	536	501	14	515
Payables to personnel	808	14	822	1,008	15	1,023
Social security payables	325	4	329	258	4	262
Construction contract liabilities (Note 10)	70	—	70	83	—	83
Service contract liability	624	1,500	2,124	621	1,530	2,151
Other	1,166	182	1,348	1,338	189	1,527
<b>Total Other liabilities</b>	<b>€ 5,837</b>	<b>€ 2,326</b>	<b>€ 8,163</b>	<b>€ 6,788</b>	<b>€ 2,426</b>	<b>€ 9,214</b>

## 16. 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, 2020 and December 31, 2019:

	At June 30, 2020				At December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(€ million)							
Debt securities and equity instruments measured at FVOCI	€ 20	€ 21	€ 13	€ 54	€ 3	€ 21	€ 13	€ 37
Debt securities and equity instruments measured at FVPL	211	—	15	226	277	—	15	292
Derivative financial assets	—	559	—	559	—	98	—	98
Collateral deposits	52	—	—	52	42	—	—	42
Receivables from financing activities	—	—	443	443	—	—	580	580
Trade receivables	—	16	—	16	—	19	—	19
Other receivables	—	—	69	69	—	—	69	69
Money market securities	5,831	—	—	5,831	2,293	—	—	2,293
<b>Total Assets</b>	<b>€ 6,114</b>	<b>€ 596</b>	<b>€ 540</b>	<b>€ 7,250</b>	<b>€ 2,615</b>	<b>€ 138</b>	<b>€ 677</b>	<b>€ 3,430</b>
Derivative financial liabilities	—	€ 709	—	€ 709	—	€ 318	—	€ 318
<b>Total Liabilities</b>	<b>€ —</b>	<b>€ 709</b>	<b>€ —</b>	<b>€ 709</b>	<b>€ —</b>	<b>€ 318</b>	<b>€ —</b>	<b>€ 318</b>

During the six months ended June 30, 2020, derivative financial assets increased €461 million primarily due to decreases in the Brazilian Real against the U.S dollar in LATAM. During the six months ended June 30, 2020, derivative financial liabilities increased €391 million primarily due to fair value losses for interest-rate swaps for future bond issuances and commodity hedges.

During the six months ended June 30, 2020, 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 derivative financial assets and liabilities 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, swaps and options hedging currency risk is determined by using valuation techniques common in the financial markets and taking market parameters at the balance sheet date (in particular, exchange rates, interest rates and volatility rates);
- 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 valuation techniques common in the financial markets 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 also based on available market quotations. Where appropriate, the fair value of cash equivalents 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.

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

	Three months ended June 30,							
	2020				2019			
	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)							
<b>At April 1</b>	€ 491	€ 28	€ —	€ 69	€ 562	€ 15	€ 40	€ —
Gains/(losses) recognized in Consolidated Income Statement	—	—	—	—	—	—	29	—
Gains/(losses) recognized in Other comprehensive income/(loss)	—	—	—	—	—	—	(20)	—
Issues/Settlements	(48)	—	—	—	213	—	(21)	70
Purchases/Sales	—	—	—	—	—	11	—	—
<b>At June 30</b>	<b>€ 443</b>	<b>€ 28</b>	<b>€ —</b>	<b>€ 69</b>	<b>€ 775</b>	<b>€ 26</b>	<b>€ 28</b>	<b>€ 70</b>

Six months ended June 30,

	2020				2019			
	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)							
<b>At January 1</b>	€ 580	€ 28	€ —	€ 69	€ 973	€ 16	€ 39	€ —
Gains/(losses) recognized in Consolidated Income Statement	—	—	—	—	—	—	36	—
Gains/(losses) recognized in Other comprehensive income/(loss)	—	—	—	—	—	—	2	—
Issues/Settlements	(137)	—	—	—	(198)	(1)	(49)	70
Purchases/Sales	—	—	—	—	—	11	—	—
<b>At June 30</b>	<b>€ 443</b>	<b>€ 28</b>	<b>€ —</b>	<b>€ 69</b>	<b>€ 775</b>	<b>€ 26</b>	<b>€ 28</b>	<b>€ 70</b>

The gains/(losses) included in the Semi-Annual Condensed Consolidated Income Statement during the three and six months ended June 30, 2020 and 2019 were recognized within Cost of revenues. Gains/(losses) recognized in Other comprehensive income/(loss) during the three and six months ended June 30, 2020 and 2019 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 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:

	Note	At June 30, 2020		At December 31, 2019	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		(€ million)			
Dealer financing		€ 859	€ 858	€ 1,737	€ 1,736
Retail financing		520	531	613	608
Finance leases		6	6	3	3
Other receivables from financing activities		373	373	222	222
<b>Total Receivables from financing activities<sup>(1)</sup></b>	<b>9</b>	<b>€ 1,758</b>	<b>€ 1,768</b>	<b>€ 2,575</b>	<b>€ 2,569</b>
Notes		€ 5,036	€ 5,207	€ 6,392	€ 6,900
Borrowings from banks & Other debt		13,700	13,276	4,718	4,724
Asset-backed financing		26	26	151	151
Lease liabilities		1,690	1,690	1,640	1,640
<b>Total Debt</b>	<b>14</b>	<b>€ 20,452</b>	<b>€ 20,199</b>	<b>€ 12,901</b>	<b>€ 13,415</b>

(1) Amounts at June 30, 2020 and December 31, 2019 exclude receivables measured at FVPL.

The fair value of Receivables from financing activities, which are categorized within Level 3 of the fair value hierarchy, has been estimated with discounted cash flows 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 categorized within Level 2. At June 30, 2020, €5,200 million and €7 million of Notes were categorized within Level 1 and Level 2, respectively. At December 31, 2019, €6,893 million and €7 million of Notes were categorized 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 categorized in Level 3. At June 30, 2020, €12,619 million and €657 million of Other Debt were categorized within Level 2 and Level 3, respectively. At December 31, 2019, €3,865 million and €859 million of Other Debt were categorized within Level 2 and Level 3, respectively.

The fair value of Lease liabilities categorized 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, 2020, €1,690 million of Lease liabilities were categorized within Level 3. At December 31, 2019, €1,640 million of Lease liabilities were categorized within Level 3.

## 17. 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, 2019 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,							
	2020				2019			
	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	€ 330	€ 147	€ (2)	€ 7	€ 769	€ 687	€ (10)	€ 10
CNHI	51	56	—	—	110	93	1	—
Ferrari	4	9	—	—	9	35	—	—



Six months ended June 30,

	2020				2019			
	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	€ 1,036	€ 632	€ (5)	€ 15	€ 1,541	€ 1,203	€ (25)	€ 25
CNHI	126	113	—	—	237	166	3	—
Ferrari	9	27	—	—	23	75	—	—

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

	At June 30, 2020					At December 31, 2019				
	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	€ 531	€ 414	€ 144	€ 19	€ 63	€ 432	€ 362	€ 207	€ 141	€ 194
CNHI	35	64	12	—	—	49	87	11	—	—
Ferrari	9	18	—	—	—	12	49	—	—	—

## 18. 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 had reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency (“EPA”), U.S. Department of Justice (“DoJ”), the California Air Resources Board, the State of California, 49 other States and U.S. Customs and Border Protection, for which we accrued €748 million during the year ended December 31, 2018. Approximately €350 million of the accrual was related to civil penalties to resolve differences over diesel emissions requirements. A portion of the accrual was 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. That settlement received final court approval on May 3, 2019. Nevertheless, we continue to defend individual claims from approximately 3,200 consumers that have exercised their right to opt out of the class action settlement and pursue their own individual claims against us (the “Opt-Out Litigation”). We have engaged in further discovery in the Opt-Out Litigation and participated in court-sponsored settlement conferences, but have reached settlement agreements with less than 100 of these remaining plaintiffs. As of June 30, 2020, our best estimate of a probable loss has been included within the provision previously recognized.

In the U.S., we remain subject to diesel emissions-related investigations by the U.S. Securities and Exchange Commission (the “SEC”) and the DoJ, Criminal Division. In September 2019, the DoJ filed criminal charges against an employee of FCA US for, among other things, fraud, conspiracy, false statements and violations of the Clean Air Act primarily in connection with efforts to obtain regulatory approval of the vehicles that were the subject of the civil settlements described above. We continue to cooperate with these investigations and present FCA’s positions on concerns raised by these governmental authorities. Based on the progress of settlement discussions with the SEC, we have recognized a provision in an amount that is not material to the Group. We have also begun discussions with the DoJ, Criminal Division, to determine whether we can reach an appropriate resolution of that investigation. At this time, we cannot predict whether or when any settlement may be reached with the DoJ, Criminal Division, or the ultimate outcome of these investigations and we are unable to reliably evaluate the likelihood that a loss with regard to the DoJ, Criminal Division, investigation will be incurred or estimate a range of possible loss. We also remain subject to a number of related private lawsuits (the “Non Opt-Out Litigation”).

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 are 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 in connection with their review of several of our vehicles.

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 December 2019, the MIT notified us that the Dutch Ministry of Infrastructure and Water Management (“I&W”) had been communicating with the MIT regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM that contains a Euro 6 diesel engine supplied by us. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. We have engaged with the RDW to present our positions and cooperate to reach an appropriate resolution of this matter. 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 July 2020, unannounced inspections took place at several of our sites in Germany, Italy and the UK at the initiative of the Public Prosecutors of Frankfurt am Main and of Turin, as part of their investigations of potential violations of diesel emissions regulations and 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 have appealed the MOE’s decision. Our subsidiary in Seoul, Korea is also cooperating with local criminal authorities in connection with their review of this matter, with the Korean Fair Trade Commission regarding a purported breach of the Act on Fair Labeling and Advertisement in connection with the subject vehicles and with the MOE in connection with their review of other FCA vehicles.

The results of the unresolved governmental 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 and results of operations. It is also possible that these matters and their ultimate resolution may adversely affect our reputation with consumers, which may negatively impact demand for our vehicles and consequently 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 Non Opt-Out Litigation or estimate a range of possible loss.

#### *U.S. Sales Reporting Investigations*

On September 27, 2019, the SEC announced the resolution of its investigation into our reporting of vehicle sales to end customers in the U.S. which included our agreement to pay an amount that is not material to the Group. We have also cooperated with a DoJ investigation into the same issues, the outcome of which remains uncertain. Any resolution of that matter may involve the payment of penalties and other sanctions. At this time, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss in connection with that investigation.

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 were 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 DoJ 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 we have engaged 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 both at the trial court stage and on appeal. Three plaintiffs in these lawsuits also filed charges alleging unfair labor practices with the U.S. National Labor Relations Board (the "Board"). The Board issued a complaint regarding these allegations and is seeking a cease and desist order as well as the posting of a notification with respect to the alleged practices. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On July 22, 2020, a group of 27 employees in our Toledo, Ohio Jeep plant filed a lawsuit in U.S. District Court for the Northern District of Ohio against FCA US, the UAW and certain individuals claiming violations of the Racketeer Influenced and Corrupt Organizations (RICO) Act and civil conspiracy. We have not been served with the complaint and, at this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

#### *General Motors Litigation*

On November 20, 2019, General Motors LLC and General Motors Company (collectively, "GM") filed a lawsuit in the U.S. District Court for the Eastern District of Michigan against FCA US, FCA NV and certain individuals, claiming violations of the RICO Act, unfair competition and civil conspiracy in connection with allegations that FCA US paid bribes to UAW officials that corrupted the bargaining process with the UAW and as a result FCA US enjoyed unfair labor costs and operational advantages that caused harm to GM. GM also claimed that FCA US had made concessions to the UAW in collective bargaining that the UAW was then able to extract from GM through pattern bargaining which increased costs to GM and that this was done by FCA US in an effort to force a merger between GM and FCA NV.

On July 8, 2020, the court dismissed GM's lawsuit with prejudice. GM may appeal the court's decision. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

#### *Tigershark Engine*

In connection with internal testing, we determined that approximately 1 million vehicles equipped with the 2.4L Tigershark engine may have excess tailpipe emissions. We have notified the U.S. Environmental Protection Agency (EPA) of the potential issue and we are working to identify the population of impacted vehicles as well as a potential solution. Upon the completion of this work, we intend to review our proposed solution with the EPA and will likely initiate a recall campaign. At this stage we are unable to reliably evaluate the likelihood that material costs will be incurred or estimate a range of possible costs.

In addition, putative class action lawsuits have been filed and are pending against FCA US in U.S. District courts in Michigan and California asserting claims under federal and state laws claiming manufacturing and design defects in certain vehicles equipped with the 2.4L Tigershark engine, which has been installed in approximately 1.6 million vehicles sold in the U.S. The claims allege excessive oil consumption. We are evaluating and defending against these actions while we work to assess the claims and, if appropriate, any mitigating action we could take. At this early stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

#### ***Other matters***

##### *U.S. import duties*

Historically, we have paid a 2.5 percent duty on Ram ProMaster City vehicles imported into the U.S. as passenger vehicles rather than the 25 percent duty applicable to vehicles that are imported into the U.S. as cargo vans. The vast majority of these vehicles are converted into cargo vans after importation. In litigation between a competitor and U.S. Customs and Border Protection ("CBP") involving similar vehicles, the U.S. Court of Appeals for the Federal Circuit ruled in June 2019 that vehicles previously imported by the competitor are subject to the 25 percent duty. The competitor sought to appeal the matter to the U.S. Supreme Court, but in June 2020, the U.S. Supreme Court declined to hear the competitor's case.

We believe there are facts that distinguish our case from that of the competitor. However, CBP may seek to recover increased duties for our prior imports, plus interest, and may assert a claim for penalties. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

#### ***Other commitments, arrangements and contractual rights***

##### *Regulatory emission credits*

During the year ended December 31, 2019, FCA entered into multi-year non-cancellable agreements for purchases of regulatory emissions credits in various jurisdictions. At June 30, 2020, these agreements represent total commitments of €0.8 billion, with the related purchased credits expected to be used for compliance years through 2023.

## **19. Equity**

### ***Share capital***

At June 30, 2020, the authorized share capital of FCA was forty Euro (€40,000,000), divided into two thousand (2,000,000,000) FCA common shares, nominal value of one Euro cent (€0.01) per share, and two thousand (2,000,000,000) special voting shares, nominal value of one Euro cent (€0.01) per share.

At June 30, 2020, the fully paid-up share capital of FCA amounted to €20 million (€20 million at December 31, 2019) and consisted of 1,573,949,512 common shares and 449,610,500 special voting shares, all with a par value of €0.01 each (1,567,519,274 common shares and 408,941,767 special voting shares, all with a par value of €0.01 each at December 31, 2019).

On March 2, 2020 a total of 73,606,222 Special Voting Shares were delivered to Exor N.V. as a result of an equivalent number of Common Shares being registered in the Loyalty Register for an uninterrupted period of three years in accordance with clause 5.1 of the *Special Voting Shares Terms and Conditions*. The related Common Shares became Qualifying Common Shares. Of the shares delivered, 32,937,489 were Special Voting Shares held by the Company and 40,668,733 were additional Special Voting Shares issued.

**Other comprehensive income/(loss)**

Other comprehensive income/(loss) was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(€ million)			
Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:				
Losses on re-measurement of defined benefit plans	€ —	€ —	€ —	€ —
Items relating to discontinued operations	—	(9)	—	(9)
<b>Total items that will not be reclassified to the Consolidated Income Statement (B1)</b>	<b>—</b>	<b>(9)</b>	<b>—</b>	<b>(9)</b>
Items that may be reclassified to the Consolidated Income Statement in subsequent periods:				
Gains/(losses) on cash flow hedging instruments arising during the period	(102)	(104)	(266)	(198)
Gains on cash flow hedging instruments reclassified to the Consolidated Income Statement	(6)	29	(40)	25
<b>Total Gains/(Losses) on cash flow hedging instruments</b>	<b>(108)</b>	<b>(75)</b>	<b>(306)</b>	<b>(173)</b>
Foreign exchange (losses)/gains	(481)	(215)	(790)	221
Share of Other comprehensive income/(loss) for equity method investees arising during the period	(22)	(11)	(43)	(15)
Share of Other comprehensive income/(loss) for equity method investees reclassified to the Consolidated Income Statement	(7)	(8)	(13)	(8)
<b>Total Share of Other comprehensive income/(loss) for equity method investees</b>	<b>(29)</b>	<b>(19)</b>	<b>(56)</b>	<b>(23)</b>
Items relating to discontinued operations	—	(4)	—	9
<b>Total Items that may be reclassified to the Consolidated Income Statement (B2)</b>	<b>(618)</b>	<b>(313)</b>	<b>(1,152)</b>	<b>34</b>
<b>Total Other comprehensive income/(loss) (B1)+(B2)</b>	<b>(618)</b>	<b>(322)</b>	<b>(1,152)</b>	<b>25</b>
Tax effect	28	21	92	48
Tax effect - discontinued operations	—	—	—	—
<b>Total Other comprehensive income/(loss), net of tax</b>	<b>€ (590)</b>	<b>€ (301)</b>	<b>€ (1,060)</b>	<b>€ 73</b>

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

	Three months ended June 30,					
	2020			2019		
	Pre-tax balance	Tax income/(expense)	Net balance	Pre-tax balance	Tax income/(expense)	Net balance
	(€ million)					
Losses on cash flow hedging instruments	€ (108)	€ 28	€ (80)	€ (75)	€ 21	€ (54)
Foreign exchange losses	(481)	—	(481)	(215)	—	(215)
Share of Other comprehensive income/(loss) for equity method investees	(29)	—	(29)	(19)	—	(19)
Items relating to discontinued operations	—	—	—	(13)	—	(13)
<b>Total Other comprehensive income/(loss)</b>	<b>€ (618)</b>	<b>€ 28</b>	<b>€ (590)</b>	<b>€ (322)</b>	<b>€ 21</b>	<b>€ (301)</b>

	Six months ended June 30,					
	2020			2019		
	Pre-tax balance	Tax income/(expense)	Net balance	Pre-tax balance	Tax income/(expense)	Net balance
	(€ million)					
Losses on cash flow hedging instruments	(306)	92	(214)	(173)	48	(125)
Foreign exchange (losses)/gains	(790)	—	(790)	221	—	221
Share of Other comprehensive income/(loss) for equity method investees	(56)	—	(56)	(23)	—	(23)
Items relating to discontinued operations	—	—	—	—	—	—
<b>Total Other comprehensive income/(loss)</b>	<b>€ (1,152)</b>	<b>€ 92</b>	<b>€ (1,060)</b>	<b>€ 25</b>	<b>€ 48</b>	<b>€ 73</b>

## 20. Earnings per share

### Basic (loss)/earnings per share

Basic (loss)/earnings per share for the three and six months ended June 30, 2020 and 2019 was determined by dividing the Net (loss)/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 (loss)/earnings per share:

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net (loss)/profit attributable to owners of the parent	million	€ (1,038)	€ 4,650	€ (2,734)	€ 5,265
Weighted average number of shares outstanding	thousand	1,571,440	1,567,216	1,569,721	1,560,680
<b>Basic (loss)/earnings per share</b>	<b>€</b>	<b>€ (0.66)</b>	<b>€ 2.97</b>	<b>€ (1.74)</b>	<b>€ 3.37</b>

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net (loss)/profit from continuing operations attributable to owners of the parent	million	€ (1,038)	€ 788	€ (2,734)	€ 1,297
Weighted average number of shares outstanding	thousand	1,571,440	1,567,216	1,569,721	1,560,680
<b>Basic (loss)/earnings per share from continuing operations</b>	<b>€</b>	<b>€ (0.66)</b>	<b>€ 0.50</b>	<b>€ (1.74)</b>	<b>€ 0.83</b>

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net profit from discontinued operations attributable to owners of the parent	million €	—	€ 3,862	€ —	€ 3,968
Weighted average number of shares outstanding	thousand	1,571,440	1,567,216	1,569,721	1,560,680
<b>Basic earnings per share from discontinued operations</b>	€	—	€ 2.46	€ —	€ 2.54

### *Diluted (loss)/earnings per share*

In order to calculate the diluted (loss)/earnings per share during the three and six months ended June 30, 2020, 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, 2020 as determined using the treasury stock method.

For the three and six months ended June 30, 2020, primarily as a result of the net loss from continuing operations for the three and six months ended June 30, 2020, in accordance with IAS 33 - *Earnings per share*, the theoretical effect that would arise if all the outstanding PSU and RSU awards were exercised was not taken into consideration in the calculation of diluted loss per share as this would have had an anti-dilutive effect.

For the three and six months ended June 30, 2019, there were no instruments excluded from the calculation of diluted earnings per share because of an anti-dilutive effect.

The following tables summarize the amounts used to calculate the diluted (loss)/earnings per share for the three and six months ended June 30, 2020 and 2019:

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net (loss)/profit attributable to owners of the parent	million €	(1,038)	€ 4,650	€ (2,734)	€ 5,265
Weighted average number of shares outstanding	thousand	1,571,440	1,567,216	1,569,721	1,560,680
Number of shares deployable for share-based compensation	thousand	—	2,964	—	9,623
Weighted average number of shares outstanding for diluted (loss)/earnings per share	thousand	1,571,440	1,570,180	1,569,721	1,570,303
<b>Diluted (loss)/earnings per share</b>	€	<b>(0.66)</b>	€ 2.96	€ (1.74)	€ 3.35

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net (loss)/profit from continuing operations attributable to owners of the parent	million €	(1,038)	€ 788	€ (2,734)	€ 1,297
Weighted average number of shares outstanding for diluted (loss)/earnings per share	thousand	1,571,440	1,570,180	1,569,721	1,570,303
<b>Diluted (loss)/earnings per share from continuing operations</b>	€	<b>(0.66)</b>	€ 0.50	€ (1.74)	€ 0.83

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net profit from discontinued operations attributable to owners of the parent	million €	—	€ 3,862	€ —	€ 3,968
Weighted average number of shares outstanding for diluted (loss)/earnings per share	thousand	1,571,440	1,570,180	1,569,721	1,570,303
<b>Diluted earnings per share from discontinued operations</b>	€	—	€ 2.46	€ —	€ 2.53

## 21. 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.

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 (loss)/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 (loss)/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, 2020 and 2019:

Three months ended June 30, 2020	Mass-Market Vehicles					Maserati	Other activities	Unallocated items & eliminations	FCA
	North America	LATAM	APAC	EMEA					
	(€ million)								
Revenues	€ 8,209	€ 477	€ 427	€ 2,232	€ 185	€ 354	€ (177)	€ 11,707	
Revenues from transactions with other segments	(2)	(1)	(11)	(18)	(1)	(144)	177	—	
<b>Revenues from external customers</b>	<b>€ 8,207</b>	<b>€ 476</b>	<b>€ 416</b>	<b>€ 2,214</b>	<b>€ 184</b>	<b>€ 210</b>	<b>€ —</b>	<b>€ 11,707</b>	
<b>Net loss from continuing operations</b>								<b>€ (1,048)</b>	
Tax benefit								€ (135)	
Net financial expenses								€ 237	
Adjustments:									
Restructuring costs, net of reversals <sup>(1)</sup>	18	—	—	—	3	2	—	23	
Losses on disposal of investments	—	—	—	—	—	1	—	1	
Other	(9)	—	—	—	(1)	(16)	20	(6)	
<b>Adjusted EBIT</b>	<b>€ 39</b>	<b>€ (96)</b>	<b>€ (59)</b>	<b>€ (589)</b>	<b>€ (99)</b>	<b>€ (111)</b>	<b>€ (13)</b>	<b>€ (928)</b>	
Share of profit of equity method investees	€ —	€ —	€ (41)	€ 65	€ —	€ 2	€ —	€ 26	

(1) Restructuring costs primarily in North America.



Three months ended June 30, 2019	Mass-Market Vehicles							Unallocated items & eliminations	FCA
	North America	LATAM	APAC	EMEA	Maserati	Other activities			
	(€ 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	—	
<b>Revenues from external customers</b>	<b>€ 17,626</b>	<b>€ 2,059</b>	<b>€ 748</b>	<b>€ 5,544</b>	<b>€ 341</b>	<b>€ 423</b>	<b>€ —</b>	<b>€ 26,741</b>	
<b>Net profit from continuing operations</b>								<b>€ 793</b>	
Tax expense								€ 317	
Net financial expenses								€ 260	
Adjustments:									
Impairment expense and supplier obligations <sup>(1)</sup>	51	—	—	—	62	—	—	113	
Gains on disposal of investments	—	—	—	—	—	(7)	—	(7)	
Restructuring costs, net of reversals	(9)	—	—	—	—	1	—	(8)	
Other <sup>(2)</sup>	39	2	—	—	9	1	8	59	
<b>Adjusted EBIT</b>	<b>€ 1,565</b>	<b>€ 110</b>	<b>€ (12)</b>	<b>€ 22</b>	<b>€ (119)</b>	<b>€ (42)</b>	<b>€ 3</b>	<b>€ 1,527</b>	
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.

Six months ended June 30, 2020	Mass-Market Vehicles							Unallocated items & eliminations	FCA
	North America	LATAM	APAC	EMEA	Maserati	Other activities			
	(€ million)								
Revenues	€ 22,750	€ 1,799	€ 893	€ 5,964	€ 439	€ 915	€ (486)	€ 32,274	
Revenues from transactions with other segments	(6)	(3)	(21)	(35)	(3)	(418)	486	—	
<b>Revenues from external customers</b>	<b>€ 22,744</b>	<b>€ 1,796</b>	<b>€ 872</b>	<b>€ 5,929</b>	<b>€ 436</b>	<b>€ 497</b>	<b>€ —</b>	<b>€ 32,274</b>	
<b>Net loss from continuing operations</b>								<b>€ (2,742)</b>	
Tax expense								€ 690	
Net financial expenses								€ 450	
Adjustments:									
Impairment expense and supplier obligations <sup>(1)</sup>	16	161	—	178	288	—	—	643	
Restructuring costs, net of reversals <sup>(2)</sup>	18	18	—	—	3	4	—	43	
Gains on disposal of investments	—	—	—	—	—	(4)	—	(4)	
Other <sup>(3)</sup>	7	—	—	—	(1)	2	36	44	
<b>Adjusted EBIT</b>	<b>€ 587</b>	<b>€ (123)</b>	<b>€ (118)</b>	<b>€ (859)</b>	<b>€ (174)</b>	<b>€ (186)</b>	<b>€ (3)</b>	<b>€ (876)</b>	
Share of profit of equity method investees	€ —	€ —	€ (79)	€ 145	€ —	€ 4	€ —	€ 70	

(1) Impairment expense primarily as a result of impairments recognized in LATAM, EMEA and Maserati (Refer to Note 7, Other intangible assets).

(2) Restructuring costs, primarily in North America and LATAM, related to the recognition of provisions for workforce restructuring.

(3) Other costs, primarily relating to litigation proceedings (refer to Note 18, Guarantees granted, commitments and contingent liabilities, in the Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this report for further details).

Six months ended June 30, 2019	Mass-Market Vehicles							Unallocated items & eliminations	FCA
	North America	LATAM	APAC	EMEA	Maserati	Other activities			
	(€ 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	—	
<b>Revenues from external customers</b>	<b>€ 33,679</b>	<b>€ 3,977</b>	<b>€ 1,329</b>	<b>€ 10,596</b>	<b>€ 809</b>	<b>€ 832</b>	<b>€ —</b>	<b>€ 51,222</b>	
<b>Net profit from continuing operations</b>								<b>€ 1,301</b>	
Tax expense								€ 529	
Net financial expenses								€ 504	
Adjustments:									
Restructuring costs, net of reversals <sup>(1)</sup>	26	128	—	37	—	5	—	196	
Impairment expense and supplier obligations <sup>(2)</sup>	87	—	—	6	62	—	—	155	
Brazilian indirect tax - reversal of liability/recognition of credits <sup>(3)</sup>	—	(164)	—	—	—	—	—	(164)	
Gains on disposal of investments	—	—	—	—	—	(7)	—	(7)	
Other <sup>(4)</sup>	53	3	—	1	8	(10)	25	80	
<b>Adjusted EBIT</b>	<b>€ 2,609</b>	<b>€ 215</b>	<b>€ (21)</b>	<b>€ 3</b>	<b>€ (108)</b>	<b>€ (92)</b>	<b>€ (12)</b>	<b>€ 2,594</b>	
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.

## 22. Subsequent events

On July 1, 2020, the Group confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on July 7, 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) €1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaces in full the €3.5 billion bridge credit facility above, which was previously fully undrawn and was fully cancelled on July 7, 2020 in connection with the settlement of the notes offering. The offering was settled on July 7, 2020. The notes issued were rated Ba2 by Moody's Investors Service, BB+ by Standard & Poor's, BBB- by Fitch and BBB(Low) by DBRS.

## **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, 2020

The Board of Directors

John Elkann  
Michael Manley  
Richard Palmer  
John Abbott  
Andrea Agnelli  
Tiberto Brandolini d'Adda  
Glenn Earle  
Valerie A. Mars  
Ronald L. Thompson  
Michelangelo A. Volpi  
Patience Wheatcroft  
Ermenegildo Zegna