Full Year 2017 Results

January 25, 2018

FCA
FIAT CHRYSLER AUTOMOBILES

Safe Harbor Statement

This document, and in particular the section entitled "2018 guidance confirms Business Plan key targets", contains forward-looking statements. These statements may include terms 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. Forward-looking statements are not guarantees of future performance. Rather, they are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: the Group's ability to maintain vehicle shipment volumes; changes in the global financial markets, general economic environment and changes in demand for automotive products, which is subject to cyclicality; changes in local economic and political conditions, including with regard to trade policy, the enactment of tax reforms or other changes in tax laws and regulations; the Group's ability to expand certain of the Group's brands globally; the Group's ability to offer innovative, attractive products; various types of claims, lawsuits, governmental investigations and other contingent obligations against the Group, including product liability and warranty claims and environmental claims, governmental investigations and lawsuits; material operating expenditures in relation to compliance with environmental, health and safety regulations; the high level of competition in the automotive industry, which may increase due to consolidation; exposure to shortfalls in the Group's defined benefit pension plans; the Group's ability to provide or arrange for access to adequate financing for the Group's dealers and retail customers and associated risks related to financial services companies; the Group's ability to access funding to execute the Group's business plan and improve the Group's business, financial condition and results of operations; a significant malfunction, disruption or security breach compromising the Group's information technology systems or the electronic control systems contained in the Group's vehicles; the Group's ability to realize anticipated benefits from joint venture arrangements; disruptions arising from political, social and economic instability; risks associated with our relationships with employees, dealers and suppliers; increases in costs, disruptions of supply or shortages of raw materials; developments in labor and industrial relations and developments in applicable labor laws; exchange rate fluctuations, interest rate changes, credit risk and other market risks; political and civil unrest; earthquakes or other disasters and other risks and uncertainties.

Any forward-looking statements contained in this document speak only as of the date of this document and the Company does not undertake any obligation to update or revise publicly forward-looking statements. Further information concerning the Group and its businesses, including factors that could materially affect the Company's financial results, is included in the Company's reports and filings with the U.S. Securities and Exchange Commission, the AFM and CONSOB.

Highlights

Achieved or exceeded all key targets for 2017 and in first four years of Business Plan

Record results with Adjusted EBIT at €7.1B and margin up 90 bps to 6.4%

Continued profitability in all segments with y-o-y Adjusted EBIT and margin growth

Cash flows from industrial operating activities of €1.6B contributed to €2.2B reduction in Net industrial debt

Introduction of Alfa Romeo Giulia and Stelvio in major global premium markets – brand announced return to Formula 1 for 2018 season

All-new Jeep Wrangler production started in Q4 '17; Next-gen Ram 1500 and new Jeep Cherokee on schedule for Q1 '18

Moody's and S&P improved outlook on FCA's ratings to positive from stable; Fitch upgraded FCA and maintained outlook at positive

€B

2018 guidance confirms Business Plan key targets

Net revenues	~ €125	Adjusted net profit*	~ €5.0
Adjusted EBIT*	≥ €8.7	Net industrial cash*	~ €4.0

* Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics. Guidance is not provided on the most directly comparable IFRS financial statement line item for Adjusted EBIT and Adjusted net profit as the income or expense excluded from these non-GAAP financial measures in accordance with our policy are, by definition, not predictable and uncertain.

Products

WRANGLER

Jeep

Next generation of brand icon

All-new Jeep Wrangler production started Dec '17

Unmatched off-road capability with a modern design staying true to its heritage

Advanced fuel-efficient powertrains, including all-new 2.0L turbo with eTorque mild hybrid and new 8-speed automatic transmission; V6 EcoDiesel available in 2019

More than 75 available advanced safety and security features

RAM 1500

RAM

All-new state-of-the-art light duty truck

All-new Ram 1500 revealed at 2018 North American International Auto Show in Detroit, with NAFTA commercial launch in Q1 '18

Most technologically advanced pickup in the market, featuring an all-new innovative design

Improved payload and towing while reducing overall weight through the use of high-strength steels

Improved fuel economy with new eTorque mild hybrid powertrain

CHEROKEE

Jeep

New premium styling with all-new advanced 4-cyl turbo

New Jeep Cherokee revealed at 2018 North American International Auto Show, global launch commencing Q1 '18

Features more premium design and new powertrain options enhancing performance and fuel efficiency

More than 80 available advanced safety and security features

CRONOS

FIAT

All-new compact sedan for LATAM market

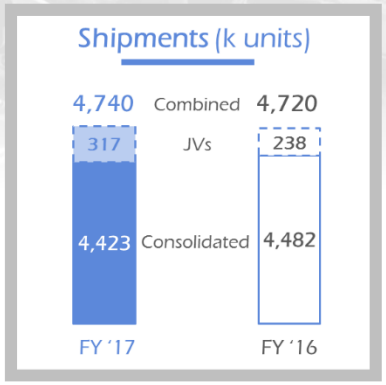
All-new Fiat Cronos to be launched in Q1 '18; replacement for Fiat Linea

Sedan currently exclusive to the LATAM market and will compete in second largest passenger car segment

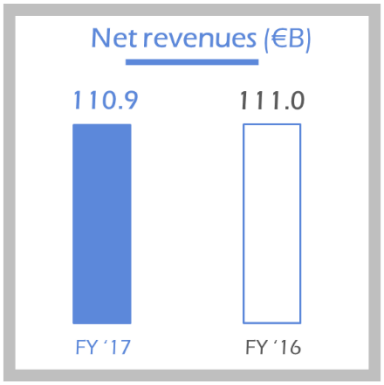
Completes renewal of Fiat passenger car line-up

Built at Cordoba, Argentina plant

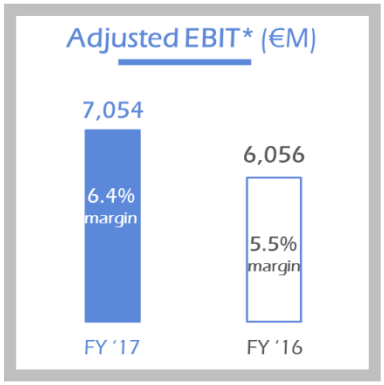
FY '17 summary



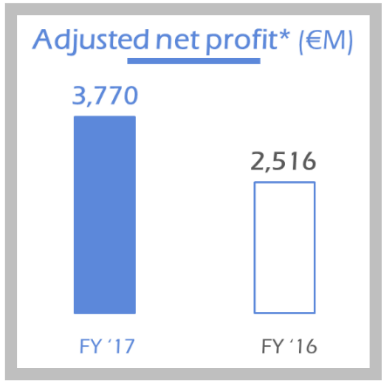
- Combined shipments in line with prior year
- JV shipments up 33%



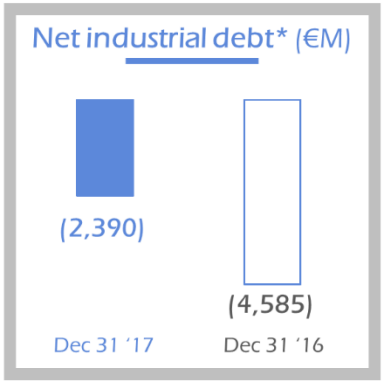
- Net revenues in line with prior year
- Up 1% at constant exchange rates (CER)



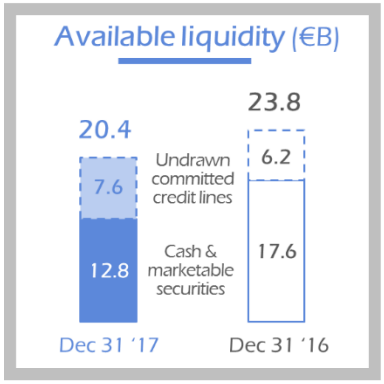
- Record performance, up 16%, with all segments profitable
- Record margin, up 90 bps
- Y-o-y Adjusted EBIT and margin improvement in all segments



- Continued strong operating performance
- Financial charges down 27% to €1.5B primarily as a result of y-o-y debt reduction
- Net profit nearly doubled to €3.5B, including net charges of €0.1B related to U.S. tax reform



- €2.2B improvement from Dec 31 '16
- €1.6B cash flows from industrial operating activities, net of capex of €8.7B



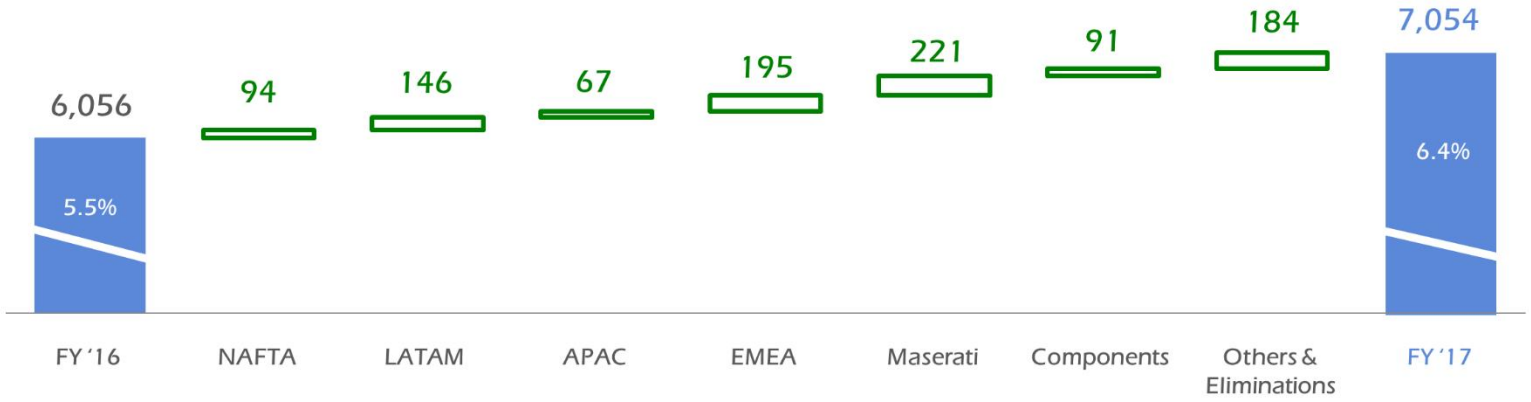
- Liquidity remained strong
- Gross debt reduced by €6.1B in the year
- In Mar '17, RCF increased by €1.25B with maturity extended

* Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics. Figures may not add due to rounding.

FY '17 Adjusted EBIT walk

€M
% = Adjusted EBIT margin

By segment



By operational driver

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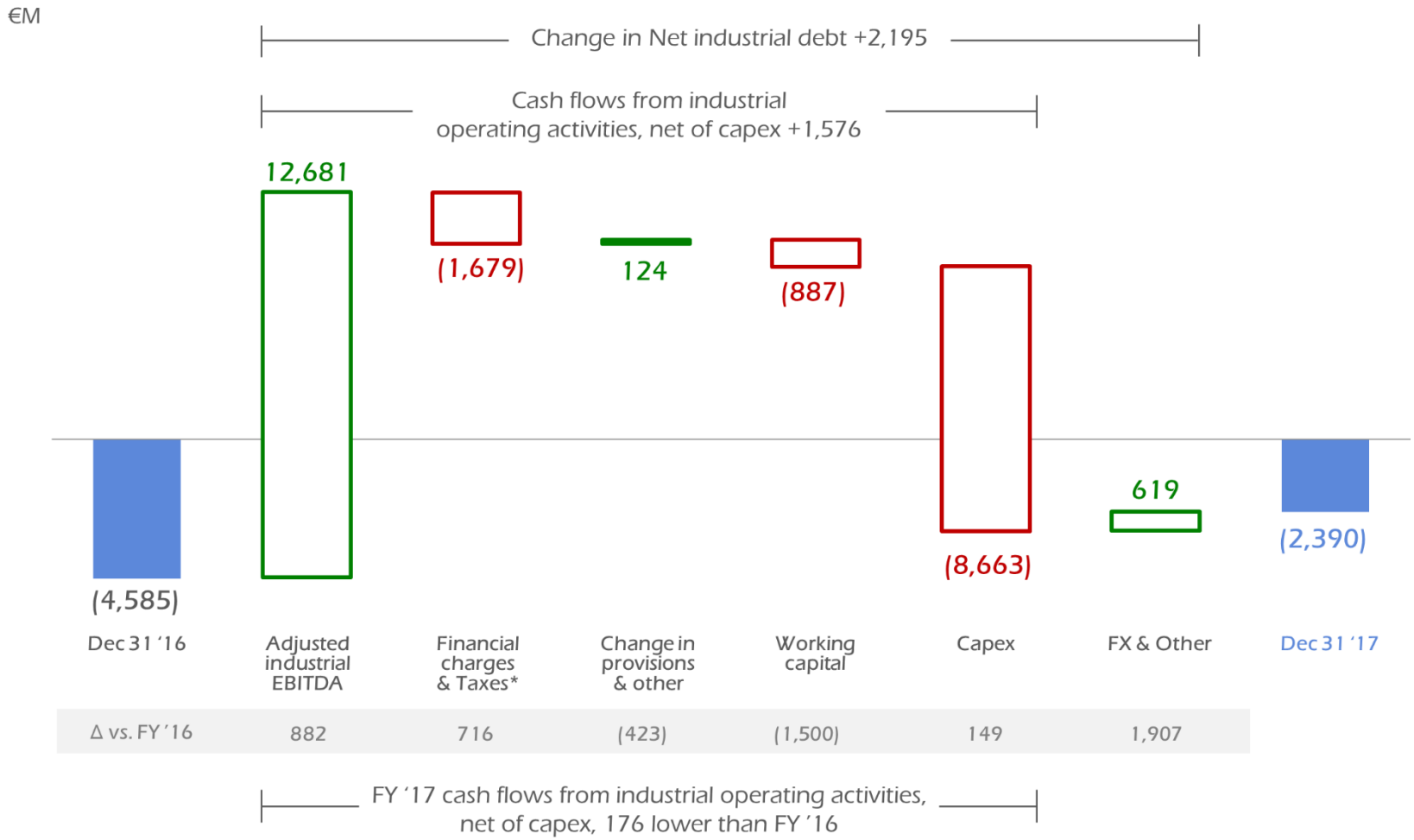
FY '17 Net industrial debt walk



* Net of IAS 19

Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics. Figures may not add due to rounding.

NAFTA

Sales [1] (k units)	Market share	U.S. dealer inventories [2] (days of supply)	Shipments (k units)	Net revenues (€B)	Adjusted EBIT margin
2,412 FY '17	11.4% FY '17	86 Dec '17	2,401 FY '17	66.1 FY '17	7.9% FY '17
2,611 FY '16	12.2% FY '16	82 Dec '16	2,587 FY '16	69.1 FY '16	7.4% FY '16

- U.S. sales down 8%; Canada down 4%; Mexico down 2%
- U.S. share at 11.7%, down 90 bps, retail share flat at 9.5%, U.S. fleet mix reduced to 19% vs. 24%
- Ram sales up 3%; Jeep down 11% mainly due to planned fleet volume reductions; Chrysler and Dodge down 19% and 11%, respectively, due to discontinued products

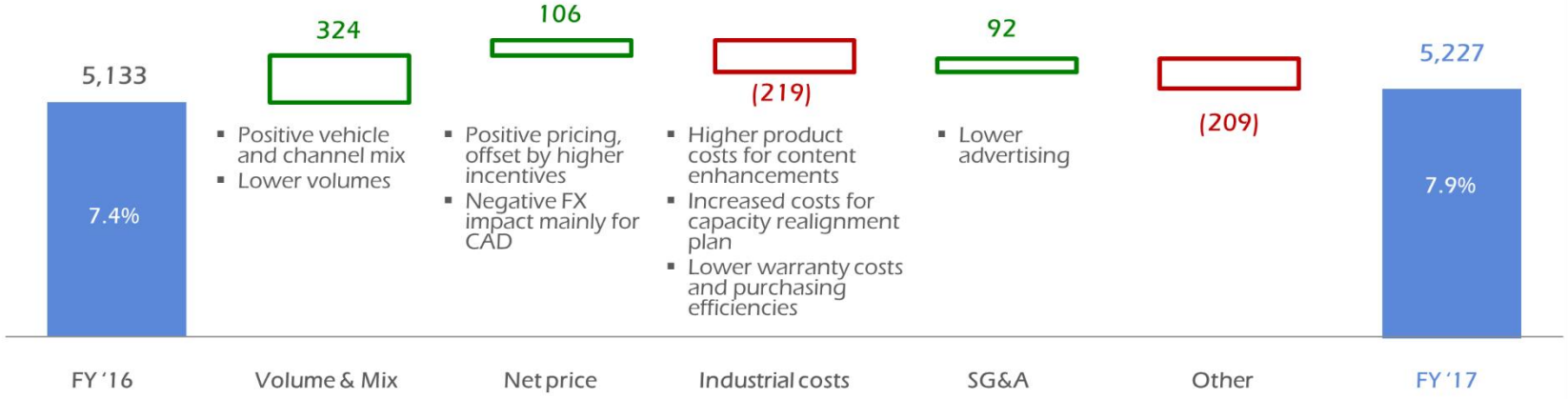
- Increase driven by reduced fleet sales
- U.S. dealer inventories down 12k units y-o-y

- Decrease mainly due to planned lower fleet volumes, primarily for Jeep, as well as discontinued vehicles
- Increased shipments for Ram and Alfa Romeo brands, Jeep Grand Cherokee and all-new Jeep Compass

- Down 3% at CER
- Lower shipments
- Favorable vehicle and channel mix

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



(1) Represents sales to retail and fleet customers and limited deliveries to Group-related persons. Sales by dealers to customers are reported through a new-vehicle delivery system.
(2) Calculated using dealer inventories, as well as total sales including fleet.

LATAM

Sales (k units)	Market share	Inventories [1] (days of supply)	Shipments (k units)	Net revenues (€B)	Adjusted EBIT margin
513 FY '17	12.4% FY '17	33 Dec '17	521 FY '17	8.0 FY '17	1.9% FY '17
473 FY '16	12.9% FY '16	27 Dec '16	456 FY '16	6.2 FY '16	0.1% FY '16

- Brazil industry up 9% y-o-y to 2.2M units
- Brazil sales at 380k units, up 4%
- Argentina sales at 105k units, up 34%
- Jeep leader in Brazil SUV segments with combined share of 21.8%, up 180 bps y-o-y
- All-new Jeep Compass was top selling SUV in Brazil for the year
- Sales of all-new Fiat Argo in Brazil at 28k units

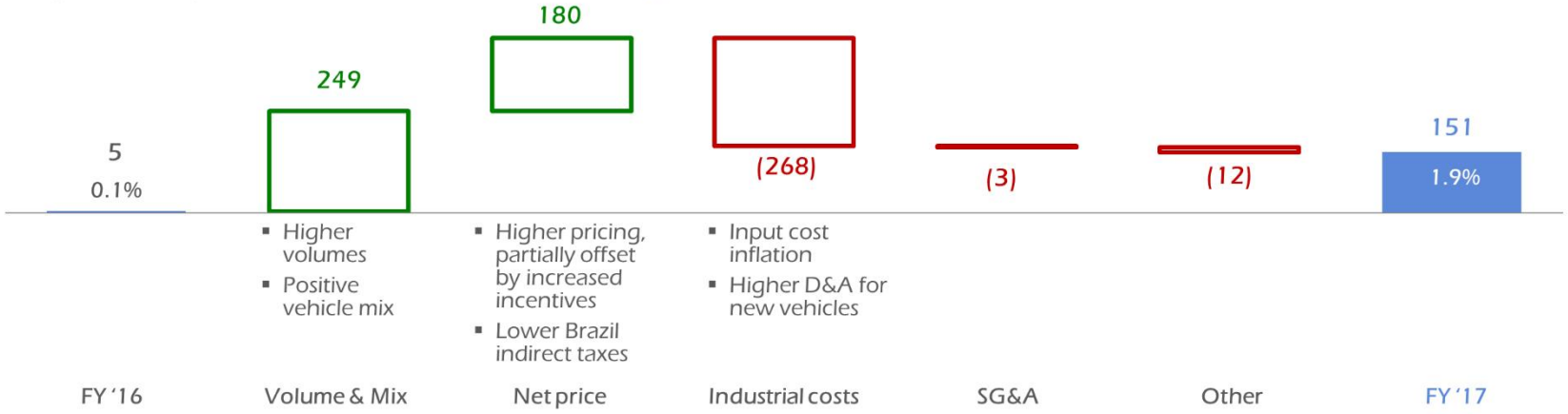
- Down slightly from end of Q3 '17 levels
- Y-o-y increase to support expected industry growth in Q1 '18

- 14% increase driven by Fiat Mobi and all-new Fiat Argo and Jeep Compass, partially offset by discontinued Fiat Palio family

- Up 24% at CER
- Strong volume growth
- Improved vehicle mix
- Higher net pricing

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



(1) Calculated using dealer and Group inventories, as well as total sales.

APAC

Sales (k units)	Combined	JV
FY '17	277	192
FY '16	233	130

Market share [1]	
0.8%	0.7%
FY '17	FY '16

Inventories [2] (days of supply)	
86	82
Dec '17	Dec '16

Shipments (k units)	Combined	JV
FY '17	290	205
FY '16	233	142

Net revenues (€B)	
3.3	3.7
FY '17	FY '16

Adjusted EBIT margin	
5.3%	2.9%
FY '17	FY '16

- Continued growth in JV sales from locally produced Jeep vehicles in China
- China share up10 bps to 0.9%
- Launch of all-new locally produced Jeep Compass in India contributing to growth

- Higher inventories driven by launch of all-new Jeep Compass and Alfa Romeo Giulia and Stelvio

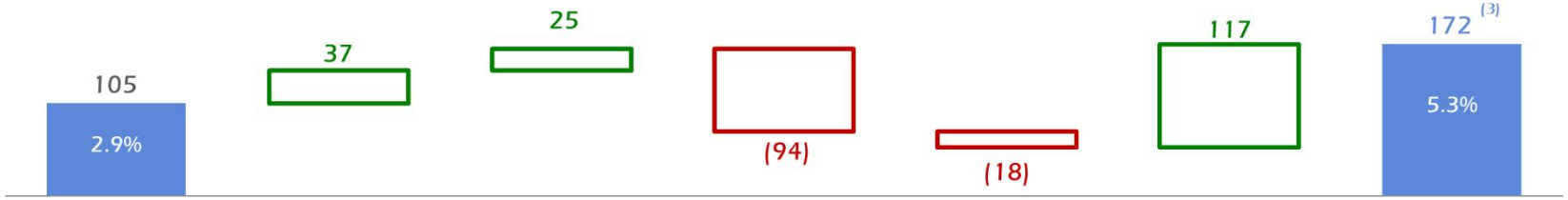
- Continued ramp-up of localized Jeep production in China
- Planned lower Jeep import volumes, partially offset by launch of Alfa Romeo Giulia and Stelvio, as well as Jeep Compass in India

- Down 9% at CER
- Lower consolidated shipments

- Margin at 2.4% excluding Tianjin (China) insurance recoveries

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



FY '16	Volume & Mix	Net price	Industrial costs	SG&A	Other	FY '17
	▪ Positive vehicle mix ▪ Lower volumes	▪ Reduced incentives	▪ Increased costs for Alfa Romeo ▪ Negative FX transaction impact	▪ Alfa Romeo commercial launch activities	▪ Tianjin insurance recoveries ▪ Improved China JV results	

(1) Reflects aggregate for major markets where Group competes (China, Australia, Japan, South Korea and India). Market share is based on retail registrations, except in India where market share is based on wholesale volumes, as well as management's estimates of industry sales data, which use certain data provided by third party sources.

(2) Calculated using dealer and Group inventories, as well as total combined sales.

(3) Excludes €68M of €161M insurance recoveries recognized relating to the final settlement of claims for the Q3 '15 Tianjin (China) port explosions, consistent with the classification of the losses to which the insurance recovery relates.

EMEA

Sales (k units)		
	1,486	1,417
	FY '17	FY '16

EU 28 + EFTA market share	PCs	LCVs
FY '17	6.6%	11.4%
FY '16	6.5%	11.6%

Inventories[1] (days of supply)		
	71	70
	Dec '17	Dec '16

Shipments (k units)		
	1,365	1,306
	FY '17	FY '16

Net revenues (€B)		
	22.7	21.9
	FY '17	FY '16

Adjusted EBIT margin		
	3.2%	2.5%
	FY '17	FY '16

- EU 28 + EFTA (EU) passenger car (PC) industry up 3%, with major markets up, except U.K. (-6%); share up 10 bps
- EU LCV industry up 6%, with major markets up, except U.K. (-2%); share down 20 bps due to lower share in Italy
- PC sales up 5%, primarily due to all-new Alfa Romeo Stelvio and Jeep Compass, as well as Fiat Tipo family
- LCV sales up 5%, primarily due to Fiat Ducato

- Days of supply in line with prior year

- Increase from launch of all-new Alfa Romeo Stelvio and Jeep Compass, as well as Fiat Tipo family

- Up 4% at CER
- Higher volumes
- Favorable vehicle mix
- Negative net pricing

Adjusted EBIT walk

€M
% = Adjusted EBIT margin

FY '16	Volume & Mix	Net price	Industrial costs	SG&A	Other	FY '17
	▪ Higher volumes ▪ Positive vehicle mix	▪ Unfavorable GBP FX ▪ Higher incentives in major markets	▪ Purchasing and manufacturing efficiencies ▪ Higher D&A related to new vehicles	▪ Continued cost containment	▪ Improved results from financial services JV	

(1) Calculated using dealer and Group inventories, as well as total sales.

Maserati

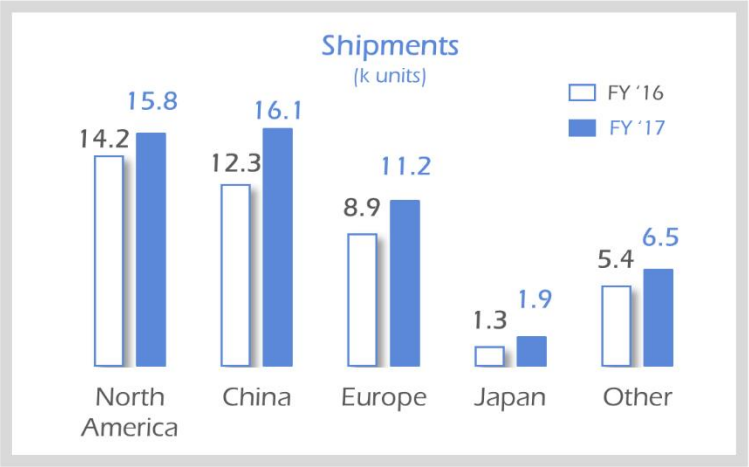
Sales (k units)	Shipments (k units)	Net revenues (€M)	Adjusted EBIT (€M)	Adjusted EBIT margin
48.7 FY '17	51.5 FY '17	4,058 FY '17	560 FY '17	13.8% FY '17
40.0 FY '16	42.1 FY '16	3,479 FY '16	339 FY '16	9.7% FY '16

Commercial performance

- Higher shipments in all markets driven by 131% increase in global Levante sales, partially offset by lower Ghibli and Quattroporte volumes

Financial performance

- Net revenues increase primarily due to higher volumes, partially offset by negative FX impact
- Increase in Adjusted EBIT primarily due to higher volumes and industrial cost efficiencies, partially offset unfavorable FX



Components

Net revenues (€B)	
10.1	9.7
FY '17	FY '16

Adjusted EBIT (€M)	
536	445
FY '17	FY '16

Adjusted EBIT margin	
5.3%	4.6%
FY '17	FY '16

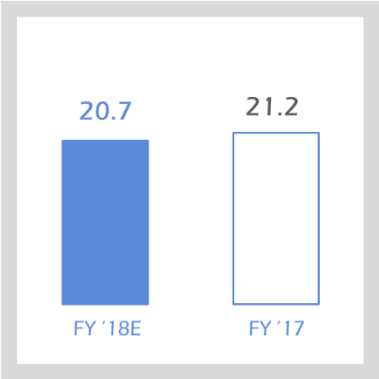
Operational highlights

- Net revenues increase primarily reflects higher volumes across all three businesses
- Improved Adjusted EBIT mainly due to higher volumes and industrial efficiencies resulting from World Class Manufacturing initiatives at Magneti Marelli, partially offset by unfavorable mix and net pricing
- Strong Adjusted EBIT and margin growth for Magneti Marelli, led by increases in lighting and chassis business lines

Industry outlook

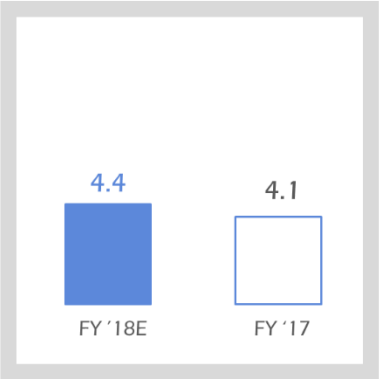
M units

NAFTA
(total vehicle sales including medium/heavy trucks)



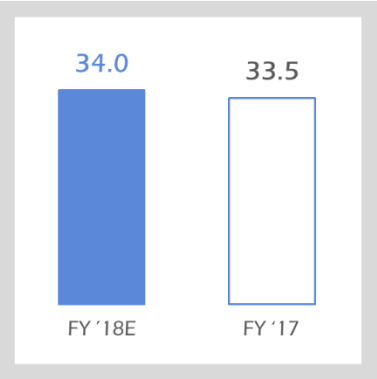
- FY '18 U.S. industry forecasted at 17.3M units, down slightly from 17.6M in FY '17
- Industry in Canada forecasted at 2.0M units in FY '18, down 0.1M from FY '17

LATAM
(passenger cars & LCVs)



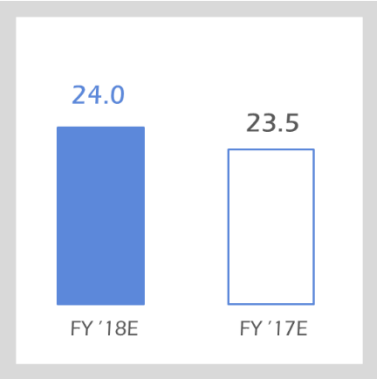
- Continued growth expected in Brazil industry, with FY '18 forecasted at 2.4M units, up 0.2M y-o-y

APAC [1]
(passenger cars only)



- FY '18 China industry expected to remain stable at 23.3M units, compared to 23.2M in FY '17

EMEA
(passenger cars & LCVs)



- FY '18 industry expected to grow modestly in Italy and France, while slightly declining in UK and Spain, with Germany expected to be flat

(1) APAC industry reflects aggregate for major markets where Group competes (China, Australia, Japan, South Korea and India)

Impact from U.S. tax reform

2017

- Net income reduced by €88M due to higher tax expense, primarily related to deemed repatriation tax for transition from U.S. worldwide to territorial tax system
- Immaterial benefit from revaluing U.S. net deferred tax liabilities from 35% to new 21% U.S. tax rate

2018

- Group effective tax rate, based on guidance, expected to be 10 ppts lower at ~25% as compared to prior regime, resulting in tax savings of ~€800M

Other Considerations

- Expect to maintain full deductibility of interest expense
- Do not expect to be subject to Base Erosion Minimum Tax

Note: These represent forward looking estimates of the impact of the U.S. tax reform act. These estimates may change, potentially materially, as a result of regulations or regulatory guidance that may be issued, changes in interpretations affecting assumptions underlying the estimate, refinement of our calculations, and actions that may be taken, including actions in response to the U.S. tax reform act.

2018 guidance confirms Business Plan key targets

€B	
Net revenues	~ €125
Adjusted EBIT*	≥ €8.7
Adjusted net profit*	~ €5.0
Net industrial cash*	~ €4.0

- Top line growth driven by new product launches
- Execution of production ramp-ups for all-new Jeep Wrangler and Ram 1500, as well as new Jeep Cherokee in Q1 '18 are key, with full impact on financial performance expected in Q2 '18
- Targeting Net industrial cash position by end of H1 '18
- 2018 estimated taxes reduced by ~€800M for impact of U.S. tax reform with expected effective tax rate reduced from ~35% to ~25%
- FX headwind due to Euro/USD strengthening

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Radio
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Climate
Apps
Controls
Nav
Phone
OK
SET+
CANC
RES
SET-
AUTO
MEDIA
FRONT + REAR
REAR ONLY
AUX 1
AUX 2
AUX 3
AUX 4

Appendix

Supplemental financial measures

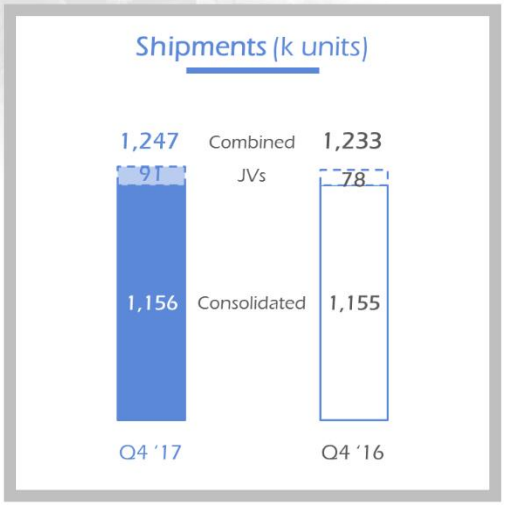
FCA monitors its operations through the use of various supplemental financial measures that may not be comparable to other similarly titled measures of other companies. Accordingly, investors and analysts should exercise appropriate caution in comparing these supplemental financial measures to similarly titled financial measures reported by other companies. Group management believes these supplemental financial measures provide comparable measures of its financial performance which then facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions.

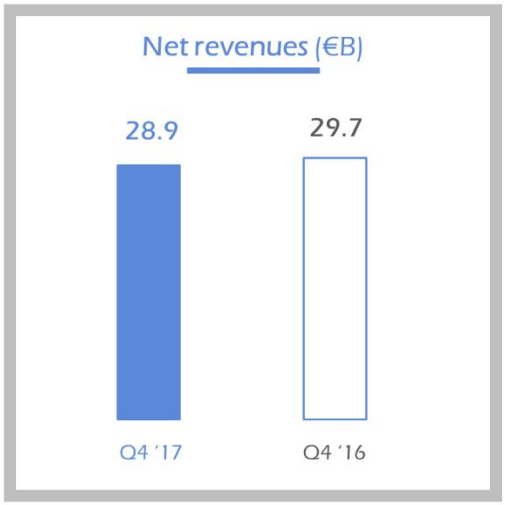
FCA's supplemental financial measures are defined as follows:

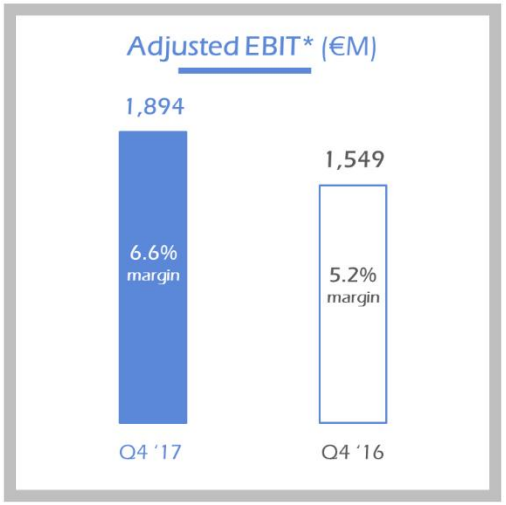
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is computed starting with Net profit and adding back Net financial expenses, Tax expense/(benefit) and depreciation and amortization expense
- Adjusted earnings before interest and taxes ("Adjusted EBIT") excludes certain adjustments from Net profit including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expense/(benefit)
- Adjusted net profit is calculated as Net profit 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
- Adjusted diluted EPS is calculated by adjusting Diluted EPS for the post-tax impact 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
- Net industrial cash/(debt) is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) current available-for-sale and held-for-trading securities, (iii) current financial receivables from Group or jointly controlled financial services entities and (iv) derivative financial assets and collateral deposits; therefore, debt, cash and cash equivalents and other financial assets/liabilities pertaining to financial services entities are excluded from the computation of Net industrial cash/(debt)

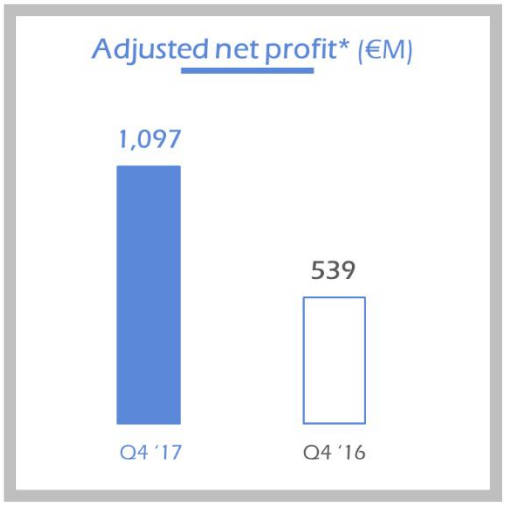
  Net industrial cash/(debt) should not be considered as a substitute for cash flows or other financial measures under IFRS; in addition, Net industrial cash/(debt) depends on the amount of cash and cash equivalents at each balance sheet date, which may be affected by the timing of monetization of receivables 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. Net industrial cash/(debt) should therefore be evaluated alongside these other measures as reported under IFRS for a more complete view of the Company's capital structure and liquidity.

Q4 '17 summary









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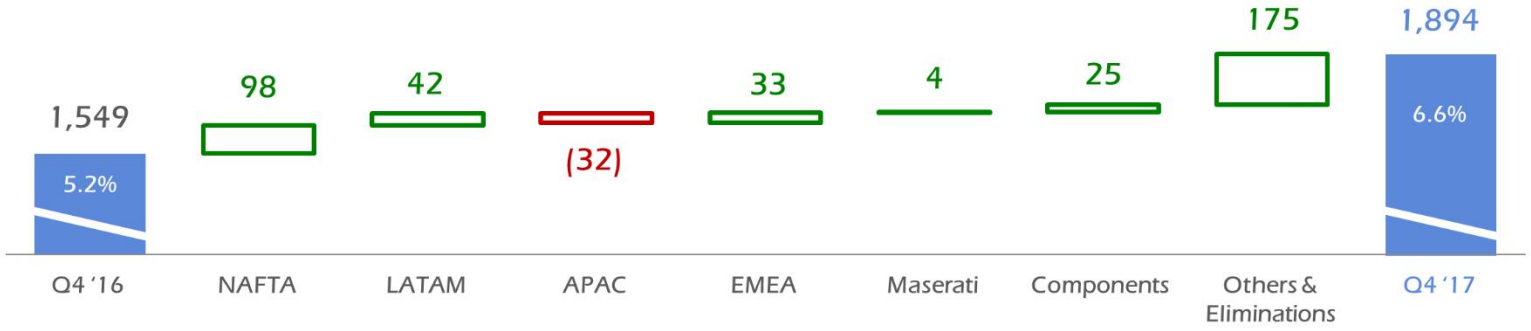
Q4 '17 Adjusted EBIT walk

€M
% = Adjusted EBIT margin

By segment



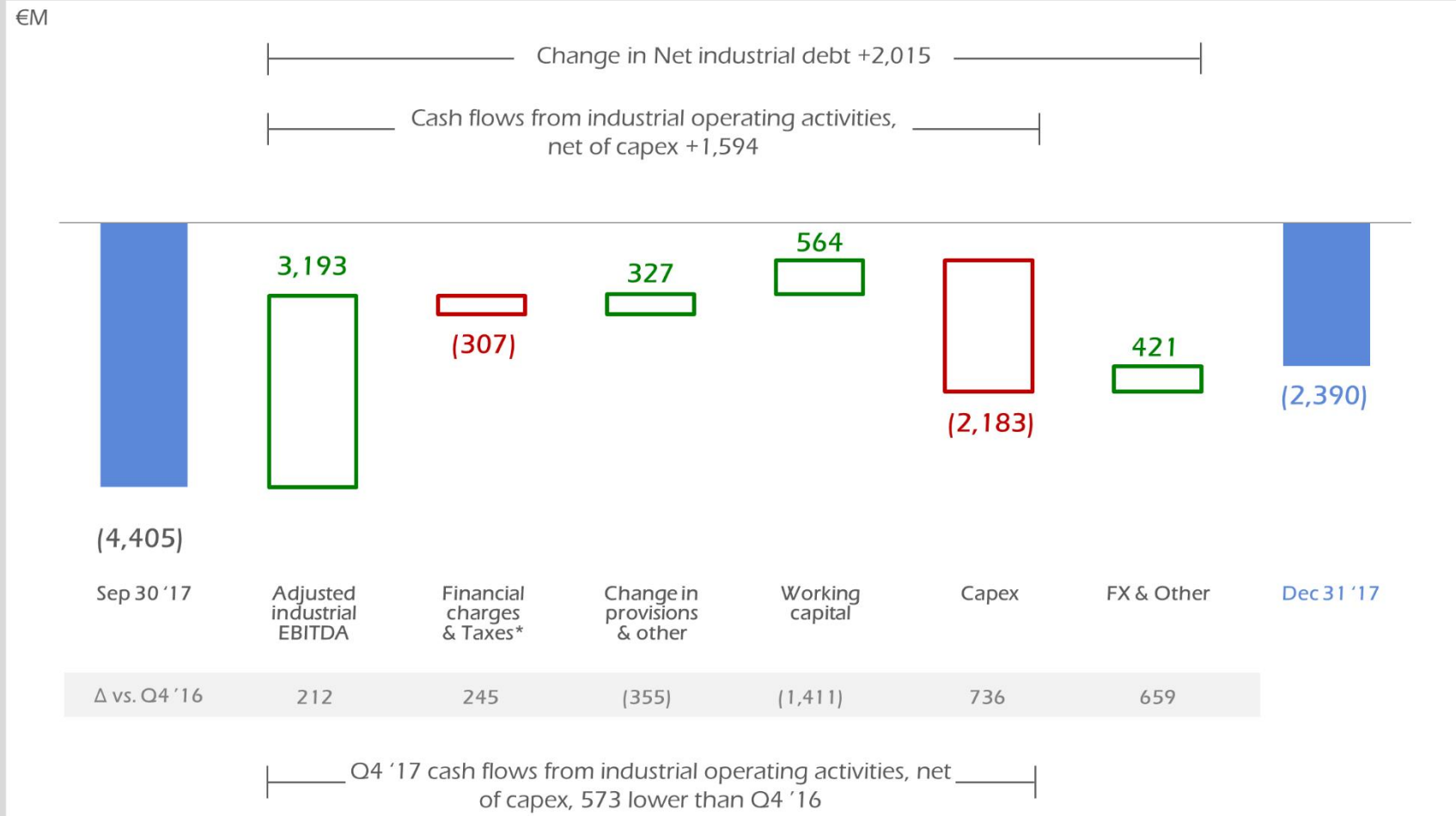
B/(W) Q3 '17	63	(7)	(111)	103	75	34	(21)	136

By operational driver

B/(W) Q3 '17	576	(100)	(102)	(81)	(157)	136

Refer to definitions of supplemental financial measures and reconciliations to applicable IFRS metrics, included herein. Figures may not add due to rounding.

Q4 '17 Net industrial debt walk



* Net of IAS 19

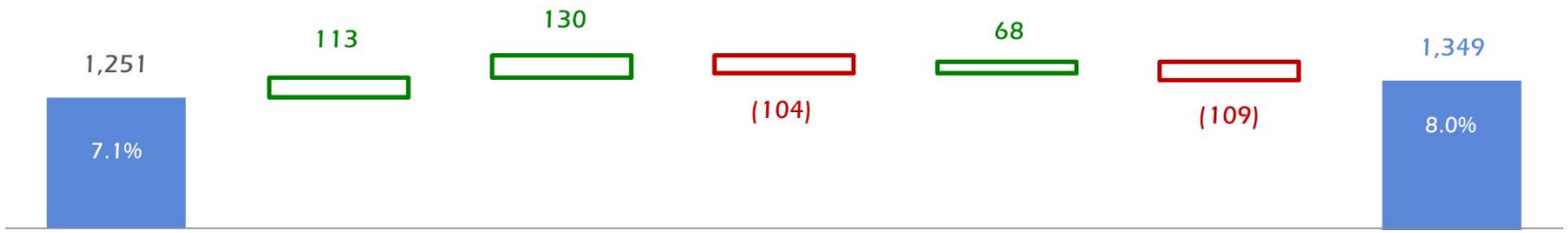
Refer to definitions of supplemental financial measures and reconciliations to applicable IFRS metrics, included herein. Figures may not add due to rounding.

Q4 '17 results – NAFTA

Sales [1] (k units)	Market share	U.S. dealer inventories [2] (days of supply)	Shipments (k units)	Net revenues (€B)	Adjusted EBIT margin
556 Q4 '17	10.4% Q4 '17	86 Dec '17	624 Q4 '17	16.8 Q4 '17	8.0% Q4 '17
617 Q4 '16	11.3% Q4 '16	82 Dec '16	645 Q4 '16	17.7 Q4 '16	7.1% Q4 '16

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



	Volume & Mix	Net price	Industrial costs	SG&A	Other
B/(W) Q3 '17	205	(50)	(25)	(16)	(51)	63

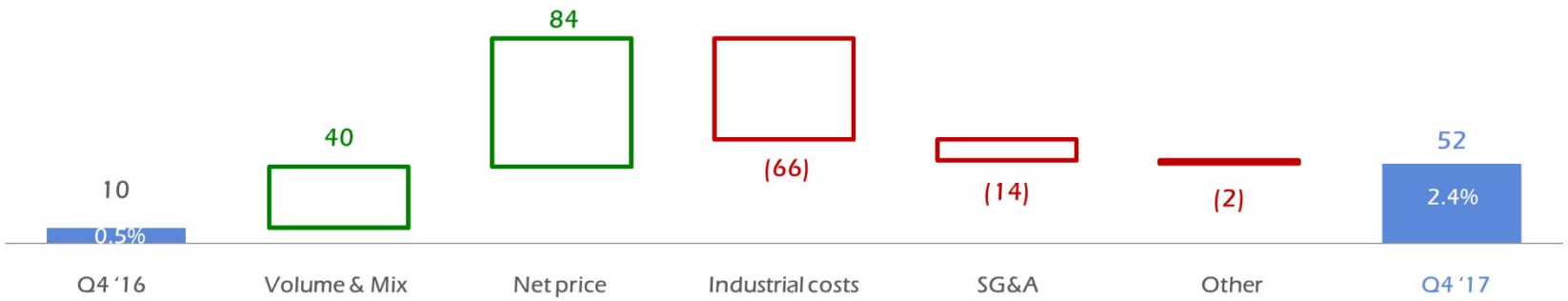
(1) Represents sales to retail and fleet customers and limited deliveries to Group-related persons. Sales by dealers to customers are reported through a new-vehicle delivery system.
(2) Calculated using dealer inventories, as well as total sales including fleet.

Q4 '17 results – LATAM

Sales (k units)		Market share		Inventories [1] (days of supply)		Shipments (k units)		Net revenues (€B)		Adjusted EBIT margin	
135	129	12.4%	13.4%	33	27	148	131	2.2	1.9	2.4%	0.5%
Q4 '17	Q4 '16	Q4 '17	Q4 '16	Dec '17	Dec '16	Q4 '17	Q4 '16	Q4 '17	Q4 '16	Q4 '17	Q4 '16

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



B/(W) Q3 '17	48	6	(60)	(5)	4	(7)

(1) Calculated using dealer and Group inventories, as well as total sales.

Q4 '17 results – APAC

Sales (k units)	Combined	JV
Q4 '17	78	53
Q4 '16	63	42

Market share [1]	
0.8%	0.7%
Q4 '17	Q4 '16

Inventories [2] (days of supply)	
86	82
Dec '17	Dec '16

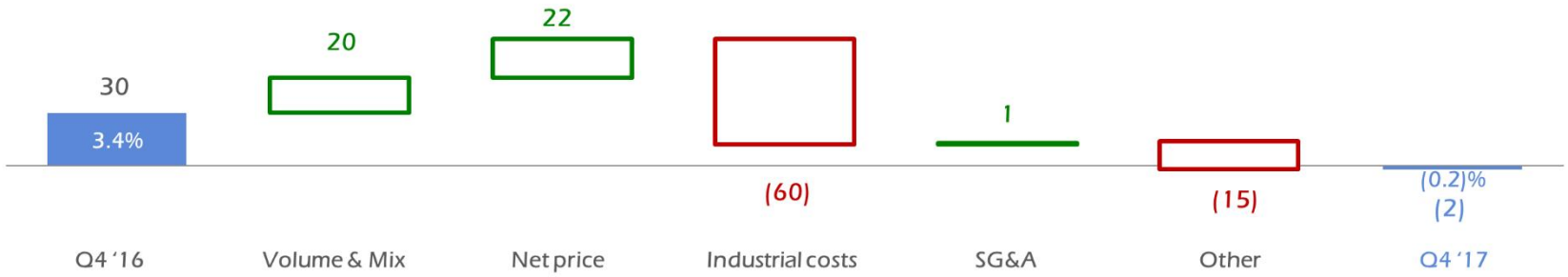
Shipments (k units)	Combined	JV
Q4 '17	78	54
Q4 '16	63	42

Net revenues (€M)	
826	895
Q4 '17	Q4 '16

Adjusted EBIT margin	
(0.2)%	3.4%
Q4 '17	Q4 '16

Adjusted EBIT walk

€M
% = Adjusted EBIT margin



B/(W) Q3 '17	28	13	(46)	(7)	(99)	(111)

(1) Reflects aggregate for major markets where Group competes (China, Australia, Japan, South Korea and India). Market share is based on retail registrations, except in India where market share is based on wholesale volumes, as well as management's estimates of industry sales data, which use certain data provided by third party sources.

(2) Calculated using dealer and Group inventories, as well as total combined sales.

Q4 '17 results – EMEA

Sales (k units)		
	330	347
	Q4 '17	Q4 '16

EU 28 + EFTA market share	PCs	LCVs
Q4 '17	5.9%	10.4%
Q4 '16	6.3%	11.5%

Inventories[1] (days of supply)		
	71	70
	Dec '17	Dec '16

Shipments (k units)		
	345	340
	Q4 '17	Q4 '16

Net revenues (€B)		
	6.1	6.0
	Q4 '17	Q4 '16

Adjusted EBIT margin		
	3.8%	3.3%
	Q4 '17	Q4 '16

Adjusted EBIT walk

€M
% = Adjusted EBIT margin

B/(W) Q3 '17	178	(45)	(23)	(17)	10	103

(1) Calculated using dealer and Group inventories, as well as total sales.

Q4 '17 results – Maserati and Components

Sales (k units)	Shipments (k units)	Net revenues (€M)	Adjusted EBIT (€M)	Adjusted EBIT margin
13.1 Q4 '17	15.5 Q4 '17	1,214 Q4 '17	188 Q4 '17	15.5% Q4 '17
14.5 Q4 '16	18.2 Q4 '16	1,519 Q4 '16	184 Q4 '16	12.1% Q4 '16

Net revenues (€B)	Adjusted EBIT (€M)	Adjusted EBIT margin
2.5 Q4 '17	161 Q4 '17	6.4% Q4 '17
2.5 Q4 '16	136 Q4 '16	5.4% Q4 '16

Key performance metrics

€M, except as otherwise stated

Three months ended Dec 31			Years ended Dec 31	
2017	2016		2017	2016
1,247	1,233	Combined shipments [1] ('000s units)	4,740	4,720
1,156	1,155	Consolidated shipments [1] ('000s units)	4,423	4,482
28,876	29,719	Net revenues	110,934	111,018
1,894	1,549	Adjusted EBIT*	7,054	6,056
105	95	of which Result from investments	410	316
(343)	(485)	Net financial expenses	(1,469)	(2,016)
1,345	929	Profit before taxes	6,161	3,106
(541)	(520)	Tax expense	(2,651)	(1,292)
804	409	Net profit	3,510	1,814
1,097	539	Adjusted net profit*	3,770	2,516
0.51	0.27	Diluted earnings per share (EPS) (€)	2.24	1.18
0.70	0.35	Adjusted diluted EPS* (€)	2.41	1.64

(1) Combined shipments include all shipments by the Group's unconsolidated joint ventures, whereas consolidated shipments only include shipments from the Group's consolidated subsidiaries.

* Refer to definitions of supplemental financial measures and reconciliations to applicable IFRS metrics, included herein.

Reconciliation of Net profit to Adjusted EBIT and Adjusted Net Profit

€M, except as otherwise stated

Three months ended Dec 31			Years ended Dec 31	
2017	2016	Net profit to Adjusted EBIT	2017	2016
804	409	Net profit	3,510	1,814
541	520	Tax expense [1]	2,651	1,292
343	485	Net financial expenses	1,469	2,016
		Adjustments:		
—	—	Reversal of a Brazilian indirect tax liability [A]	(895)	—
94	209	Impairment expense [B]	229	225
102	—	Recall campaigns – airbag inflators [C]	102	414
6	22	Restructuring costs [D]	95	88
—	—	Resolution of certain Components legal matters	43	—
42	—	Deconsolidation of Venezuela [E]	42	—
—	(25)	Costs for recall – contested with supplier	—	132
(38)	—	NAFTA capacity realignment [F]	(38)	156
—	(38)	Tianjin (China) port explosions insurance recoveries [G]	(68)	(55)
—	—	Gains on disposal of investments [H]	(76)	(13)
—	(33)	Other	(10)	(13)
206	135	Total adjustments	(576)	934
1,894	1,549	Adjusted EBIT	7,054	6,056

(1) Includes estimate of €88M related to deemed repatriation of previously untaxed foreign earnings of subsidiaries. This estimate may change, potentially materially, as a result of regulations or regulatory guidance that may be issued, changes in interpretations affecting assumptions underlying the estimate, refinement of our calculations, and actions that may be taken, including actions in response to the U.S. tax reform act.

2017 full year Adjusted EBIT excludes adjustments primarily related to:

(A) Reversal of a liability of €895M for Brazilian indirect taxes during Q2 '17, reflecting court decisions. As this liability related to the Group's Brazilian operations in multiple segments and given the significant and unusual nature of the item, it was not attributed to the results of the related segments. Refer to 'Net profit to Adjusted net profit' reconciliation for discussion of the corresponding decrease in deferred tax assets

(B) Asset impairments of €142M in EMEA, primarily resulting from changes in the global product portfolio, as well as €77M in LATAM resulting from product portfolio changes and, prior to deconsolidation, of certain real estate assets in Venezuela

(C) An expansion of the scope of the Takata airbag inflator recalls announced in May '16, of which €73M related to LATAM and €29M related to NAFTA

(D) Restructuring costs primarily included €75M of workforce restructuring costs related to LATAM

(E) Deconsolidation of our operations in Venezuela resulted in a net loss of €42M

(F) Income of €38M related to adjustments to reserves for the NAFTA capacity realignment plan

(G) Insurance recoveries of €68M relating to the final settlement of claims for the Q3 '15 Tianjin (China) port explosions, consistent with the classification of the losses to which the insurance recovery relates. During 2017, a total of €161M was recognized, of which €93M is included in Adjusted EBIT.

(H) Primarily related to a €49M gain from the disposal of the Group's publishing business

Reconciliation of Net profit to Adjusted net profit and Diluted EPS to Adjusted diluted EPS

€M, except as otherwise stated

Three months ended Dec 31			Years ended Dec 31	
2017	2016	Net profit to Adjusted net profit	2017	2016
804	409	Net profit	3,510	1,814
206	135	Total adjustments (per Page 28)	(576)	934
(1)	(5)	Tax impact on adjustments (I)	14	(232)
—	—	Brazil deferred tax assets write-off (J)	453	—
—	—	Reduction of deferred tax assets related to reversal of a Brazilian indirect tax liability (K)	281	—
88	—	Impact of U.S. tax reform (L)	88	—
293	130	Total adjustments, net of taxes	260	702
1,097	539	Adjusted net profit	3,770	2,516

2017 full year Adjusted net profit excludes adjustments primarily related to:

(I) The tax impact of adjustments excluded from Adjusted EBIT noted on Page 28

(J) A write-off of deferred tax assets of €453M in Brazil due to the increased political uncertainty and an anticipated slower pace of economic recovery in Brazil

(K) A €281M decrease in deferred tax assets related to the release of the Brazilian indirect tax liability noted in (A) on Page 28

(L) Estimated impact from Dec '17 U.S. tax reform of €88M. This estimate may change, potentially materially, as a result of regulations or regulatory guidance that may be issued, changes in interpretations affecting assumptions underlying the estimate, refinement of our calculations, and actions that may be taken, including actions in response to the tax reform act.

Three months ended Dec 31			Years ended Dec 31	
2017	2016	Diluted EPS to Adjusted diluted EPS	2017	2016
0.51	0.27	Diluted EPS (€/share)	2.24	1.18
0.19	0.08	Impact of adjustments on Diluted EPS (€/share)	0.17	0.46
0.70	0.35	Adjusted diluted EPS (€/share)	2.41	1.64
1,562,066	1,534,037	Weighted average number of shares outstanding for Diluted EPS ('000s)	1,556,306	1,526,376

Reconciliation of Debt to Net industrial debt

€M

	Dec 31 '17	Sep 30 '17	Dec 31 '16
Debt	(17,971)	(18,640)	(24,048)
Current financial receivables from jointly-controlled financial services companies	285	177	80
Derivative financial assets/(liabilities), net and collateral deposits	206	200	(150)
Current Available-for-sale and Held-for-trading securities	176	197	241
Cash and cash equivalents	12,638	11,753	17,318
Debt classified as held for sale	—	—	(9)
Net debt	(4,666)	(6,313)	(6,568)
Less: Net financial services debt	2,276	1,908	1,983
Net industrial debt	(2,390)	(4,405)	(4,585)

Debt maturity schedule

€B

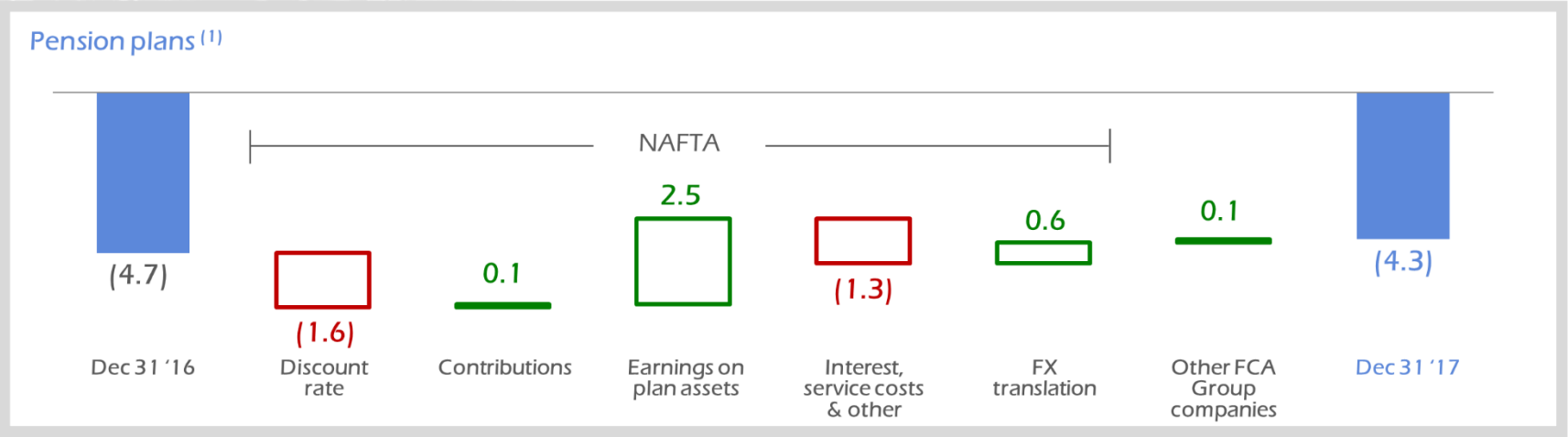
Outstanding Dec 31 '17		2018	2019	2020	2021	2022	Beyond
7.2	Bank debt	4.4	1.0	0.5	0.4	0.3	0.5
9.8	Capital market debt	2.0	1.6	1.3	1.0	1.4	2.5
0.7	Other debt	0.5	0.2	0.1	0.0	0.0	0.0
17.7	Total cash maturities *	6.9	2.8	1.8	1.4	1.7	3.0
12.8	Cash and marketable securities						
7.6	Undrawn committed revolving facilities						
20.4	Total available liquidity						
7.9	Sale of receivables (IFRS de-recognition compliant)						
4.9	*of which receivables sold to financial services JVs (FCA Bank)*						

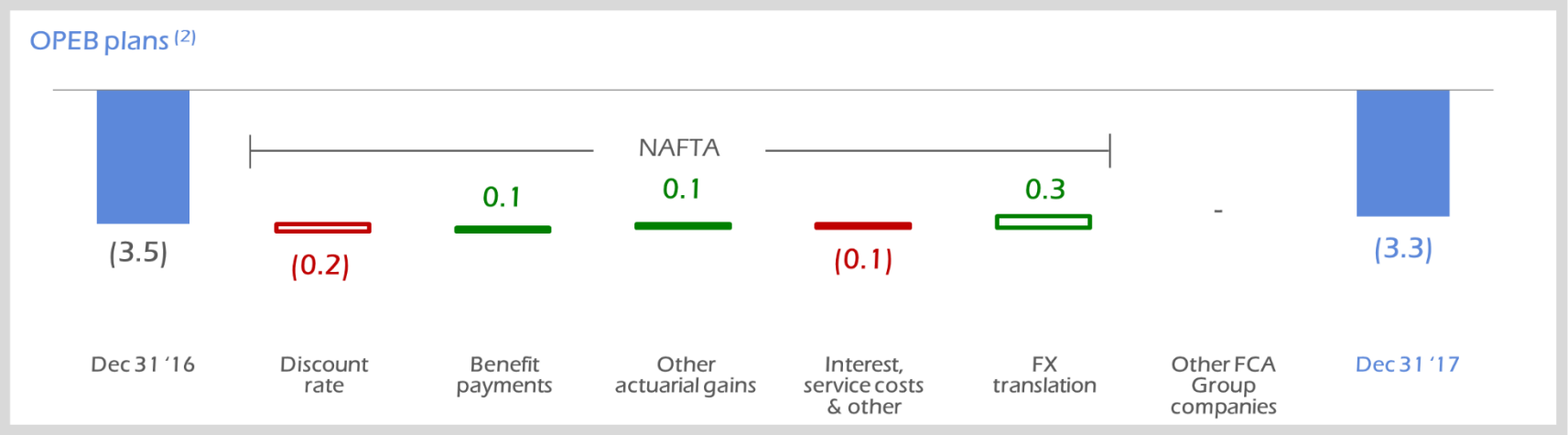
Note: Numbers may not add due to rounding

* Excludes accruals and asset back financing of € 0.3B at Dec 31 '17

Pension and OPEB plans funded status

€B





A ±100 bps change in the discount rate would impact pension and OPEB obligations by ~€3.3B

(1) Balances include prepaid pension plans of €0.5B at Dec 31 '17 and €0.3B at Dec 31 '16
(2) Includes TFR (termination service indemnity) in Italian entities of €0.8B at both Dec 31 '17 and Dec 31 '16

Research and development costs and expenditures

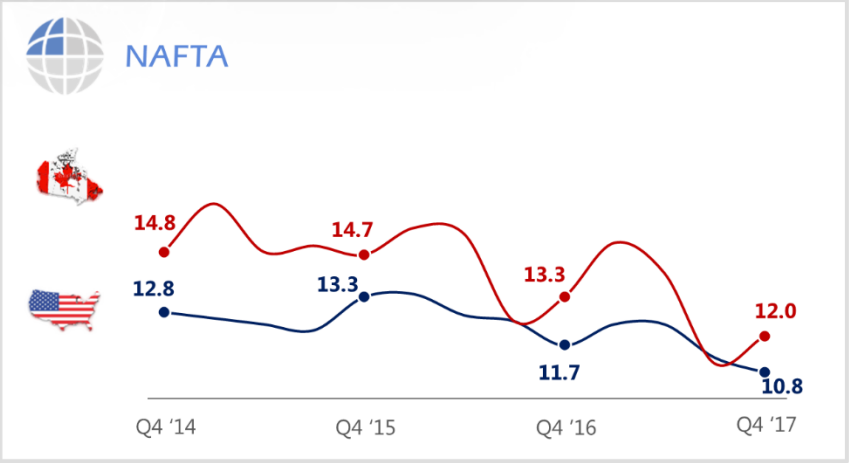
€M

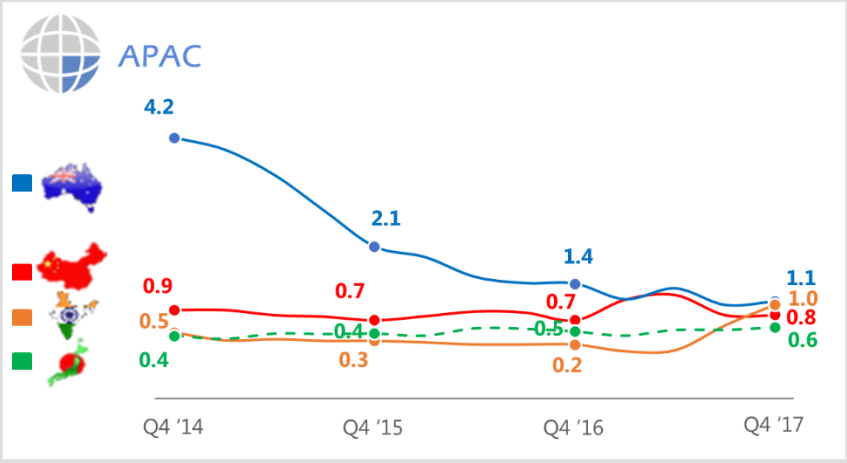
Three months ended Dec 31			Years ended Dec 31	
2017	2016	Research and development costs	2017	2016
415	410	Research and development expenditures expensed	1,696	1,661
274	396	Amortization of capitalized development expenditures	1,424	1,492
60	114	Impairment and write-off of capitalized development expenditures	110	121
749	920	Total research and development costs	3,230	3,274

		Research and development expenditures		
644	764	Capitalized development expenditures	2,586	2,558
415	410	Research and development expenditures expensed	1,696	1,661
1,059	1,174	Total research and development expenditures	4,282	4,219

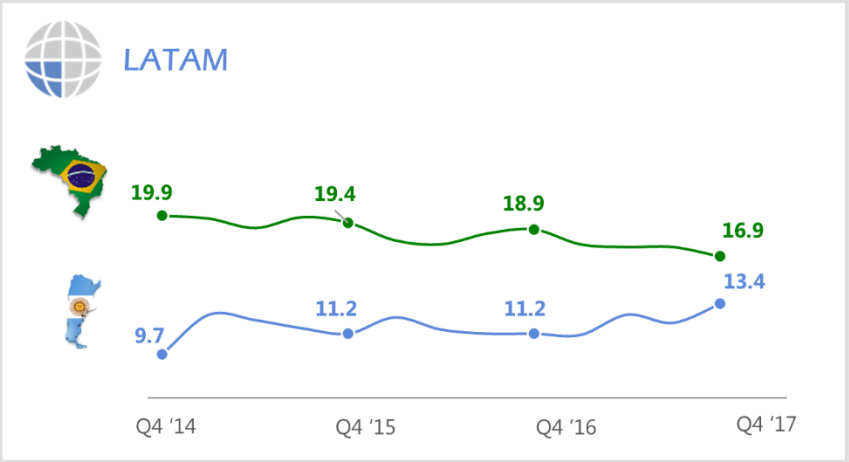
Market share – mass market brands

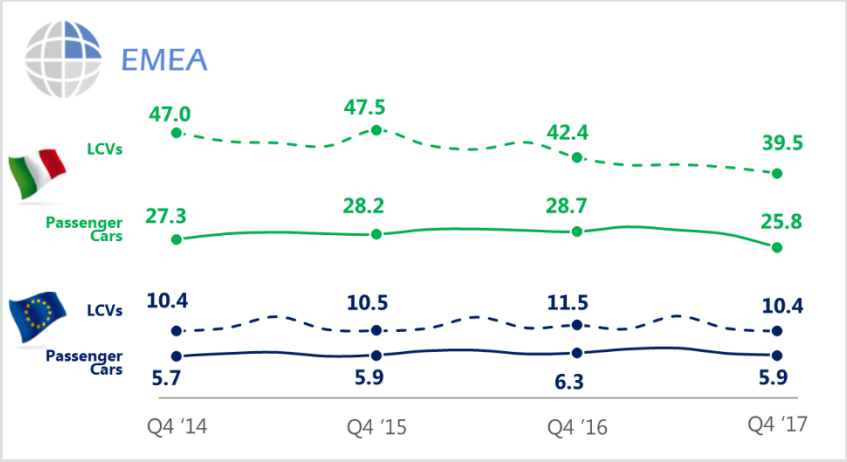
Market share (%)





APAC industry reflects aggregate for major markets where Group competes (China, Australia, Japan, South Korea and India). Market share is based on retail registrations except in India where market share is based on wholesales.





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