

**FCA CAPITAL MARKETS DAY**

**A RETURN TO BALOCCO**

**Address from the CEO, Sergio Marchionne**

**Balocco, 1 June 2018 – 10:00 a.m.**

## SAFE HARBOR STATEMENT

This document and the related presentation contain forward-looking statements. In particular, these forward-looking statements include statements regarding future financial performance and the Company's expectations as to the achievement of certain targeted metrics, including net debt and net industrial debt, revenues, free cash flow, vehicle shipments, capital investments, research and development costs and other expenses at any future date or for any future period are 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 state of knowledge, future expectations and projections about future events and are by their nature, 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 forward-looking statements as a result of a variety of factors, including: the Group's ability to launch new 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 cyclical; 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; the Group's ability to expand certain of the Group's brands globally; the Group's ability to offer innovative, attractive products; the Group's ability to develop, manufacture and sell vehicles with advanced features including enhanced electrification and autonomous driving characteristics, various types of claims, lawsuits, governmental investigations and other contingent obligations affecting the Group, including product liability and warranty claims and environmental claims, investigations and lawsuits; material operating expenditures in relation to compliance with environmental, health and safety regulations; the intense level of competition in the automotive industry, which may increase due to consolidation; exposure to shortfalls in the funding of 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 the establishment and operations of financial services companies including capital required to be deployed to financial services; 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; the Group's ability to successfully implement and execute strategic initiatives and transactions, including the Group's plans to separate certain businesses; disruptions arising from political, social and economic instability; risks associated with our relationships with employees, dealers and suppliers; increases in costs, disruptions of supply or shortages of raw materials; developments in labor and industrial relations and developments in applicable labor laws; exchange rate fluctuations, interest rate changes, credit risk and other market risks; political and civil unrest; earthquakes or other disasters and other risks and uncertainties.

Any forward-looking statements contained in this document and the related presentations speak only as of the date of this document and the Company disclaims 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.



## A RETURN TO BALOCCO

SERGIO MARCHIONNE | CEO

Good morning everyone and welcome.

Those of you who have been around for the last 14 years may remember that our journey started right here in Balocco, in the summer of 2004, at a time when we were buried in one of the darkest chapters of Fiat's history.



Many of you were probably in Auburn Hills in 2009 when we presented the turnaround plan for Chrysler, an ambitious outlook for a company that had been on the verge of extinction only a few months earlier.

Many of you were also with us in 2014 when, for the first time, we presented ourselves as FCA, a single global organization with a united management team. We revealed a business plan that would guide us for the next five years and promised to grow our global brands, more than triple our earnings, and achieve a net cash position by the end of 2018.

Many of those who heard and later reported on our plans labelled them as too ambitious, and unrealizable.



To paraphrase one attendee for the day in 2014 who reported “*the massive plan simply doesn't look prudent.*”

In the end, since 2004 – apart from the global crisis that erupted back in 2008 and forced us to operate in an unpredictable environment and circumstances – we have consistently delivered on our financial targets.

Oscar Wilde once said that **"A well-tied tie is the first serious step in life."** Well, if we apply his witty maxim to FCA today, I'd say we've definitely earned the right to be taken seriously.



As you know, we have pursued a disciplined and rigorous strategy to eliminate our net industrial debt, reversing a legacy that has dogged both Fiat and Chrysler for decades, since well before I was around.



Having used the capital markets to help us transform into a viable global automaker over the first ten years of my tenure as CEO, reducing that debt has been one of our major objectives over the past five years.

Today, as you can see by my "well-tied tie" I expect that when we close the books at the end of June we will report a net industrial cash position.

There remains work to be done this month to get there – most importantly we have to continue to execute on our current product launches – but sitting where I am today I am confident we will hit that target.

Even though it is an achievement in which we can take great pride, we must be realistic: there is nothing to brag about in it. It doesn't make us better than the others, it makes us better than we were before.

Yet when it happens, it is important because emerging from the shadow of debt represents a fundamental change in how this company is perceived. It is a significant

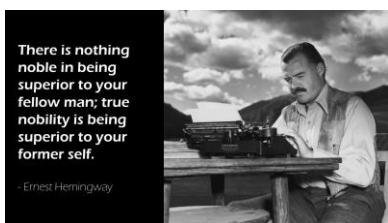
milestone in the process of healing a structural weakness that has burdened us for too many years.



It is important because it more fully aligns our operational profile with shareholder value and provides a sense of strength and security to our stakeholders.

And, in addition, it is important because it opens up new opportunities for rewarding our shareholders as well as enhanced flexibility to invest in new opportunities using the lessons we've learned in leaner times to maintain investment discipline.

Hemingway once wrote: ***“There is nothing noble in being superior to your fellow man; true nobility is being superior to your former self.”***



I feel this is a fitting way to begin our Capital Markets Day, because it gives an idea of the very spirit driving the plan that we are about to present to you today.

Our way of being different could have not been better explained than in Hemingway's words.

Always improving on ourselves is a fundamental part of our culture.



We will never live the same day twice, because we know that there is always something that can be done better.

We will never be complacent about our results, because the only approach we know is to constantly look ahead to new and better results.

Our ultimate objective, the true finish line, is always the one yet to come.

And this is something deeply rooted in our organization that makes it capable of withstanding changes in the market.

It is what makes FCA special and I believe it is also what guarantees us the ability to achieve our targets every time.

This is the legacy that we can be proud to leave after us.

\* \* \*

We live in a time when the speed of change is exponential and we are clearly on the threshold of the biggest revolution in personal transportation since the automobile replaced the horse-and-buggy.



As we speak, there are many disruptive factors at work and they are reshaping our industry.

There is the economic disruption.



In early 2015 I expressed a view on capital efficiency in our industry and the need for the industry to change, in light of its sub-standard historical track record of return on invested capital and shareholder returns.

Ironically, since that presentation in 2015, FCA's shareholder value has nearly doubled, and that excludes the accretion in the value of Ferrari, and the shareholder return for ten of our largest auto competitors has averaged negative (6%).

I'm not here to brag or to start a consolidation rumor.

The thesis for the industry is even more true today than in 2015 with the cost of technology and compliance accelerating.

I am here to reassure you that what you will see in the 5-year plan today for FCA carries the same core principles that have driven our performance over the last 5 years and further cements FCA's ability to control its own destiny.

There is a technological disruption.



Disruptive, technology-driven trends are transforming our century-old industry. Digital innovation is not only changing how we drive or view personal transportation, it is literally going to reshape the entire sector over time.

The challenge for industry leaders is to balance the need to adapt and employ technologies to meet consumer demand, but in a way that avoids capital waste.

And there is a cultural and regulatory change, with the automotive sector widely regarded as the chief source of carbon emissions and, in turn, contributor to climate change.



The plan we are going to present today shows how we intend to face these different challenges:

- ✓ Where our financial targets are going to take FCA in the next five years



- ✓ How we are going to face the next technological revolution, and



- ✓ How, even if transportation cannot provide THE solution, we are going to play an important role in reducing greenhouse gases overall.



But before going deeper into the details of the plan, I'd like to remind you why these changes that are coming, together with other changes we may not even know yet, do not represent a threat for us.

At FCA, we have been preparing ourselves for the past fourteen years.



We have learned how to live with uncertainty and we are prepared to face any challenge.

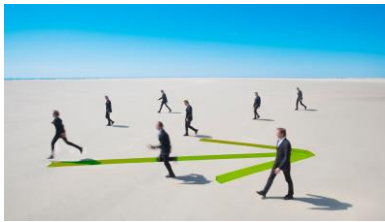
Our leadership is made up of men and women who understand the need to live a culture of change.

We are an organization of individuals who do not flinch from the idea that disruptive forces are reshaping our competitive environment.

We remain open to the debate of all alternatives, and we believe in a pragmatic and grounded approach.

Following the automotive pack down unwise and unprofitable roads is not just naïve, but also very dangerous.





We have been consistently honest and transparent about our plans, our accomplishments AND our shortcomings.

We have paid maniacal attention to capital allocation and an unwavering commitment to delivering on our financial targets.

We have developed a natural instinct to adapt to unexpected events in the market, pivot at light speed and, if necessary, even change ourselves.

I could give you many examples.

Like when we took Fiat from the brink of failure in 2004 to the highest earnings in its history.



Like how, in the middle of the global crisis, we recognized the opportunity represented by Chrysler. We turned it around and merged it with Fiat to create a leading global automaker.

How we built up the Jeep brand from a few hundred thousand units a year to a global powerhouse with several years of record sales, passing the million-vehicle mark each of the past four years.

How we launched an ambitious strategy to expand the Maserati product range, which has transformed it from a modest player to one with full coverage of the luxury market, and from a moderate contributor of profits to the best results in its more than century-long history.



I could also cite the speed with which we reacted to the shift in market demand and retooled our NAFTA manufacturing capacity to build more Ram trucks and Jeep SUVs.

And we have done all of this without making any great announcements or proclamations.

That is our style, to stay focused, deliver on our objectives and let others judge us by our results.

As we move forward, that's how we plan to keep speaking: through our actions.

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What you are about to hear is a strong and courageous plan.

More than just a business plan, it represents the collective ambitions and determination of the men and women at FCA.

You will see that we concentrate our brand messages today on Jeep, Ram, Maserati, and Alfa Romeo. These brands comprise the most significant portion of our revenues and our earnings.



10:00 a.m.	<b>OPENING REMARKS</b>
	• JEEP AND RAM BRANDS
	• ALFA ROMEO AND MASERATI BRANDS
12:00 p.m.	<b>LUNCH</b>
	• AUTONOMOUS DRIVING AND CONNECTIVITY
	• CO <sub>2</sub> REGULATORY COMPLIANCE
	• COMPLIANCE PLAN IMPACT ON PRODUCT PORTFOLIO
2:50 p.m.	<b>BREAK</b>
	• FINANCIAL OVERVIEW
	• Q & A
4:50 p.m.	<b>CLOSING REMARKS</b>

We will begin by presenting our targets for the Jeep and Ram brands, with a particular focus on the Jeep global expansion and the extension of the product lineup. We will also review the Ram Brand and how it has developed since we established Ram as a Truck brand, and how we will continue to expand the brand in product offerings to capture the profitable premium end of the market.

There will then be a focus on our strategy for our premium brands Alfa Romeo and Maserati and how we intend to reinforce the product offering, powertrains, features and technology.

After lunch, we'll have a technology update, on autonomous driving and connectivity, including more information on our autonomous driving deployment and expansion through our partnership with Waymo that we announced yesterday, and our approach to L2/L3 applications.

The announcement we made yesterday to deliver an additional 62,000 PHEV Pacifica Minivans to Waymo and our discussions to collaborate on development of what we believe will be one of the first significant level fully autonomous retail solutions in the market place, are reflective of our approach in this space: to partner with the leaders in autonomous development and move at light speed to execute.

That will be followed by our plans to reduce CO<sub>2</sub> emissions and greenhouse gases in each Region and a discussion of the suite of technologies and solutions we have developed to meet the regulatory requirements specific to each jurisdiction.

I'm going to step back for most of the day and let other members of the management team present various parts of the plan.

I'll be back in the afternoon session to discuss the implications of this regulatory compliance plan on our product portfolio in each Region, particularly in Europe.

After that we will review our capital structure and the financial targets for the Group up to and including 2022. And you will see how they are a continuation of our well-established track record of ambitious plans, and set the stage for the next phase of growth and profitability for FCA.

We will open for Q&A and then I will make some closing remarks.

As one of my first official duties today, I have been asked to remind you that we are availing ourselves of the safe harbor provisions relating to forward-looking statements we will make throughout the day.

Please read the disclaimer in the first pages of the documentation you have been provided.

This describes the types of forward-looking statements to which you will be subjected today and the various factors that could cause actual results to differ from the expectations and explains why we cannot be legally responsible if they do in fact differ.

I'll hand over now to our management team, beginning with Mike Manley who will present the plan for the Jeep and Ram brands.

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