

FCA

FIAT CHRYSLER AUTOMOBILES

# Full Year 2018 Results

February 7, 2019





# Safe Harbor Statement

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This document, and in particular the section entitled “2019 guidance”, contains 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 cash/(debt) and net industrial cash/(debt), revenues, industrial free cash flows, 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, connectivity and autonomous driving characteristics; various types of claims, lawsuits, governmental investigations and other contingencies 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 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.



# Highlights\*

## A record year despite unexpected challenges

5<sup>th</sup> consecutive year of record results:  
Adjusted EBIT at €7.3B,  
Adjusted net profit at €5.0B.  
Net profit at €3.6B.

Industrial free cash flows more than doubled over prior year to €4.3B, with Net industrial cash of €1.9B at Dec '18

NAFTA record performance, Adjusted EBIT up 19% to €6.2B, margin up 70 bps to 8.6%

LATAM Adjusted EBIT and margin more than doubled y-o-y to €0.4B and 4.4%, respectively

Record global sales for Jeep and Ram brands, up 14% and 5% y-o-y, respectively

Magneti Marelli sale transaction on schedule to close in Q2 '19

Fitch raised FCA's credit rating to Investment Grade, from "BB" to "BBB-", with stable outlook

Settled U.S. government and consumer civil diesel emissions claims in line with Q3 '18 provision

Commencement of ordinary dividend in Spring '19, with extraordinary dividend expected at closing of Magneti Marelli sale transaction <sup>(1)</sup>

\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. Guidance does not include the results of Magneti Marelli or impacts from the announced sale of Magneti Marelli.

(1) Both ordinary and extraordinary dividends subject to Board of Directors and shareholder approval

# Measures to improve operating results

EMEA



China



Maserati



Commercial  
Performance

- Leverage leadership changes
- Optimizing sales channel mix
- Focus on more profitable Jeep and Alfa Romeo brands
- Right-size inventory

- Launching more efficient powertrain combinations
- Refocus marketing to recently launched products
- Implementing product quality improvements

- Leverage leadership changes
- Manage as a luxury brand
- Right-size inventory
- Bridge product gap with specialty models
- Redirect marketing to focus on Levante

Cost  
Structure

- Reduce G&A costs
- Restructure hourly workforce, principally through attrition
- Rationalize unprofitable markets
- New industrial plan to increase capacity utilization
- Explore opportunities with partners to share technologies/platforms

- Improvement in product cost competitiveness
- Restructure JV to remove excess costs and improve efficiencies
- Restructure regional office to simplify decision making and reduce cost structure

- Leverage investments in Giorgio architecture for future brand products

# 2019 guidance\*

Operating performance expected to exceed record 2018

€B, except as otherwise stated (ex. Magneti Marelli)	2019 guidance	2018 results
Adjusted EBIT Margin	> 6.7 > 6.1%	6.7 6.1%
Adjusted diluted EPS (€)	> 2.70	3.00
Industrial free cash flows	> 1.5	4.4

- FY '19 operating performance expected to exceed FY '18 record results
- Continued strong performance in NAFTA and LATAM, with higher y-o-y Adjusted EBIT and margin
  - NAFTA H2 '19 benefits from all-new Jeep Gladiator and Ram HD and further planned industrial efficiency actions to improve margin
  - NAFTA H1 '19 lower y-o-y due to:
    - Non-repeat of benefit from planned production overlap of classic and all-new Jeep Wrangler models in H1 '18
    - Continuation of actions to manage dealer inventories
    - Planned Jeep Wrangler downtime for plant retooling related to launch of new Wrangler PHEV in early 2020
- EMEA, Maserati and China performance improvement biased to H2 '19
- Lower y-o-y industrial free cash flows due to:
  - Higher capex spending, in line with 2018 – 2022 Business Plan
  - ~€500M cash payments for fines and other costs in connection with the U.S. diesel emissions settlement
- Effective tax rate ~25%, up over FY '18 principally due to U.S.

• 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 diluted EPS 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

## GLADIATOR



**Jeep**

Most capable  
mid-size pickup truck

Presented in Nov '18 at Los Angeles Auto Show, with NAFTA commercial launch in late Q2 '19

Only true open-air 4x4 pickup truck

Legendary off-road capability with Command-Trac and Rock-Trac 4x4 systems

Best-in-class towing and 4x4 payload

Advanced powertrains, including 3.6-liter Pentastar and 3.0-liter EcoDiesel engines

## HEAVY DUTY



 **RAM**

All-new  
heavy-duty  
pickup truck

All-new Ram 2500 and 3500 revealed in Jan '19 at North American International Auto Show in Detroit, with NAFTA commercial launch in Q1 '19

Benchmark for performance, capability, technology and luxury

Most powerful HD pickup, with Cummins high output turbo diesel delivering 1,000 lb.-ft. of torque

Most capable pickup in the segment, with towing capacity of 35,100 pounds and payload capacity of 7,680 pounds

## WRANGLER RAM 1500



**MOTORTREND**  
SUV OF THE YEAR 2019

**MOTORTREND**  
TRUCK OF THE YEAR 2019

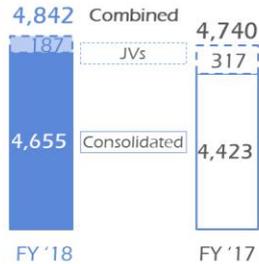
All-new Jeep Wrangler and Ram 1500 named Motor Trend's "2019 SUV of the Year" and "2019 Truck of the Year", respectively

Motor Trend's "Of the Year" awards are considered among the most prestigious in the industry

Awards honor vehicles that best represent design advancement, engineering excellence, safety, efficiency, value and performance of intended function in their segments

# FY '18 summary\*

## Shipments (k units)



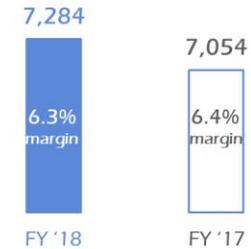
- Consolidated shipments up 5%, primarily due to growth in NAFTA and LATAM
- Lower JV shipments

## Net revenues (€B)



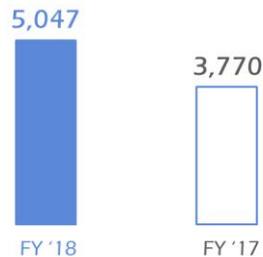
- Up 4%; up 9% at constant exchange rates (CER)
- Higher shipments, positive pricing and favorable mix

## Adjusted EBIT<sup>(1)</sup> (€M)



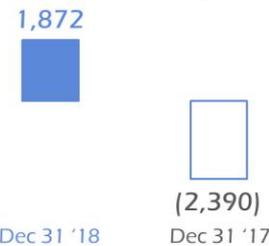
- Record performance, up 3%, up 9% at CER
- Margin down slightly

## Adjusted net profit<sup>(1)</sup> (€M)



- Record results, up 34%; up 41% at CER
- Net profit up 3% to €3.6B, due to strong performance, reduced financial charges and taxes

## Net industrial cash/(debt)<sup>(1)</sup> (€M)



- Industrial free cash flows more than doubled y-o-y to €4.3B, with lower capex due to program timing
- Includes €0.5B accelerated discretionary U.S. pension plan contribution, net of tax benefit

## Available liquidity (€B)



- Available liquidity remained strong at €21.1B, up €0.7B from Dec '17
- Gross debt reduced €3.3B y-o-y

\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

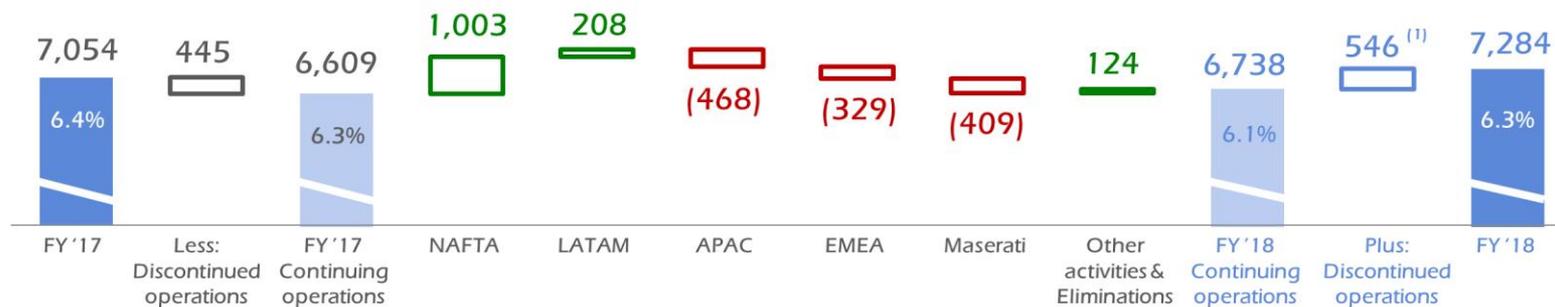
(1) Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics

Figures may not add due to rounding

# FY '18 Adjusted EBIT walk\*

€M  
% = Adjusted EBIT margin

## By segment



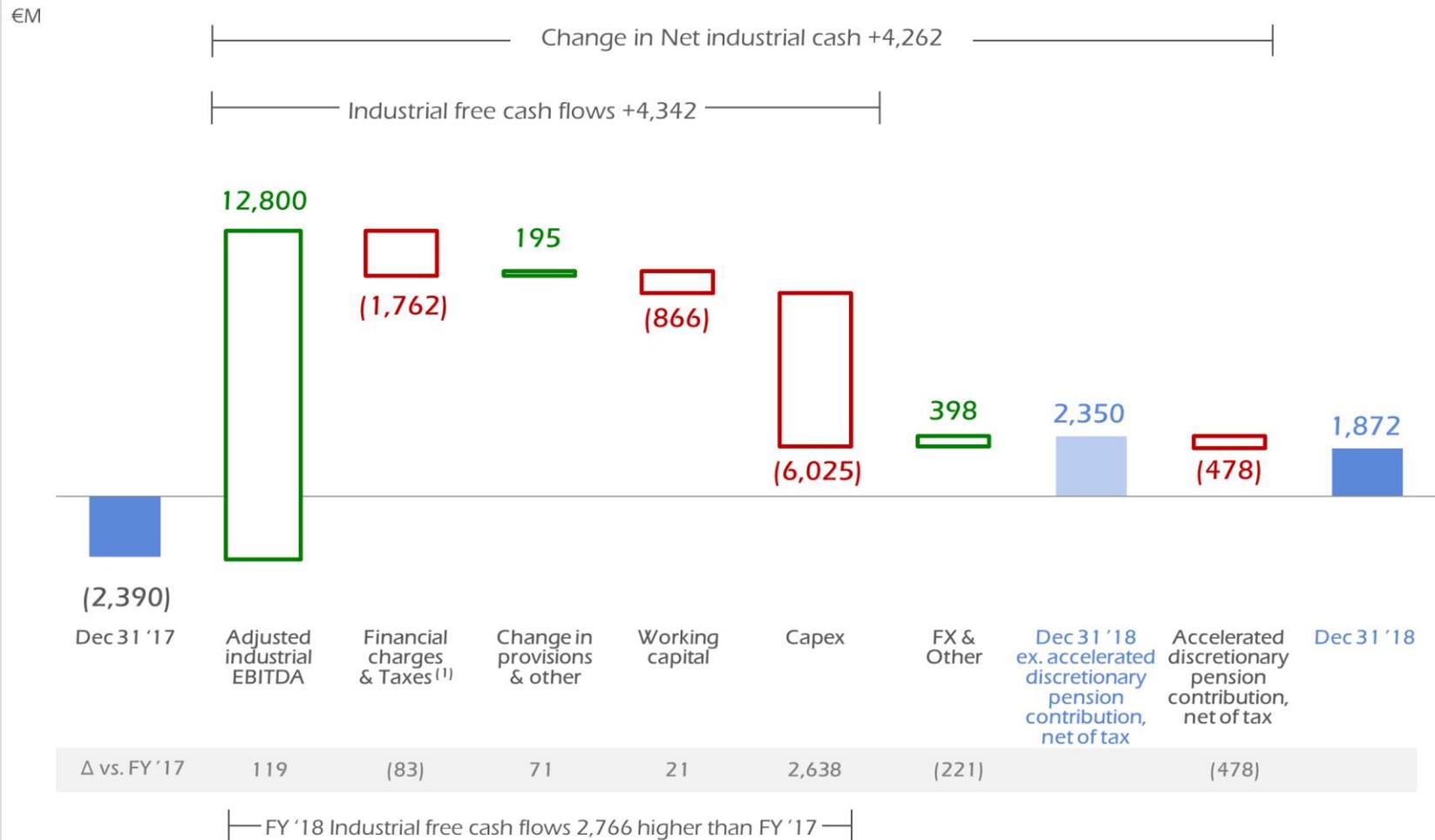
## By operational driver



\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. The remaining Components activities are no longer considered a separate reportable segment and are included within "Other activities". Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics. Figures may not add due to rounding.

(1) Reflects €116M of cost savings due to discontinuance of depreciation and amortization of Magneti Marelli assets from Sep 30 '18, in accordance with IFRS 5

# FY '18 Net industrial cash walk\*



\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

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

(1) Net of IAS 19



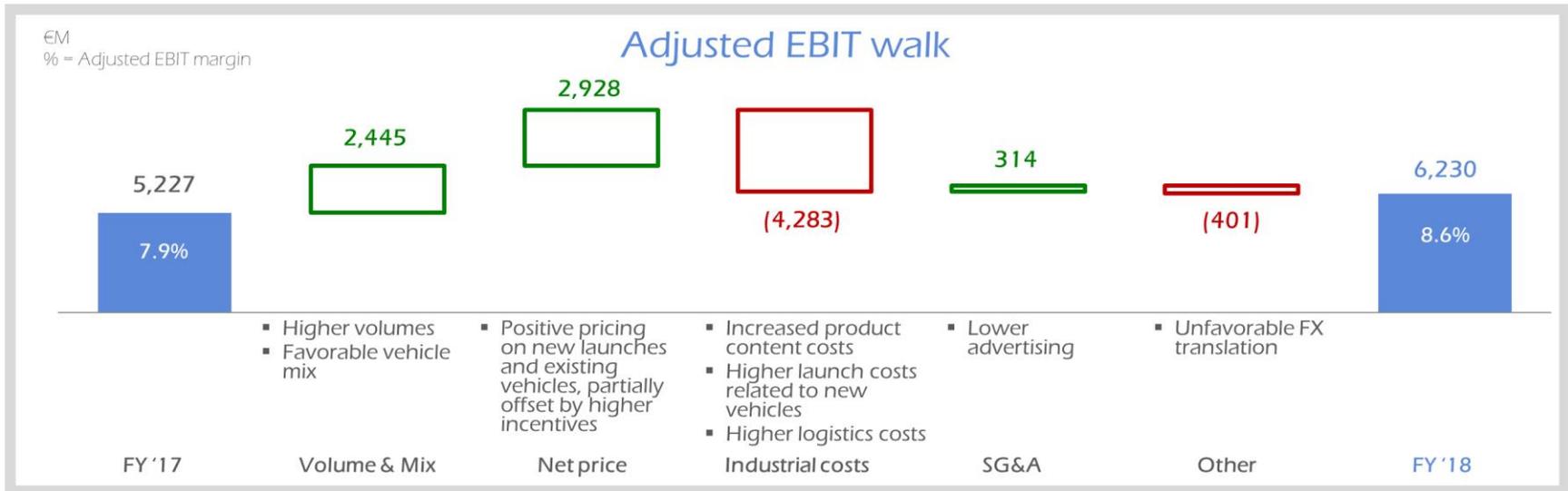
# NAFTA



- U.S. sales up 9%; Canada down 16%; Mexico down 13%
- U.S. share at 12.6% (+90 bps) with retail share at 12.3% (+80 bps); U.S. fleet mix at 21% vs. 19%
- Jeep sales up 16% mainly due to all-new Wrangler, new Cherokee and Compass; Ram up 4% with U.S. retail up 8%; Chrysler down 13% due to discontinuance of 200; Dodge down 4%

- Y-o-y increase primarily due to launch of all-new Ram 1500 and Jeep vehicles
- Up from 83 days at Sep '18
- Increase mainly due to all-new Ram 1500 and Jeep Wrangler, as well as new Jeep Cherokee and Compass

- Up 14% at CER
- Higher shipments
- Positive net pricing



(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

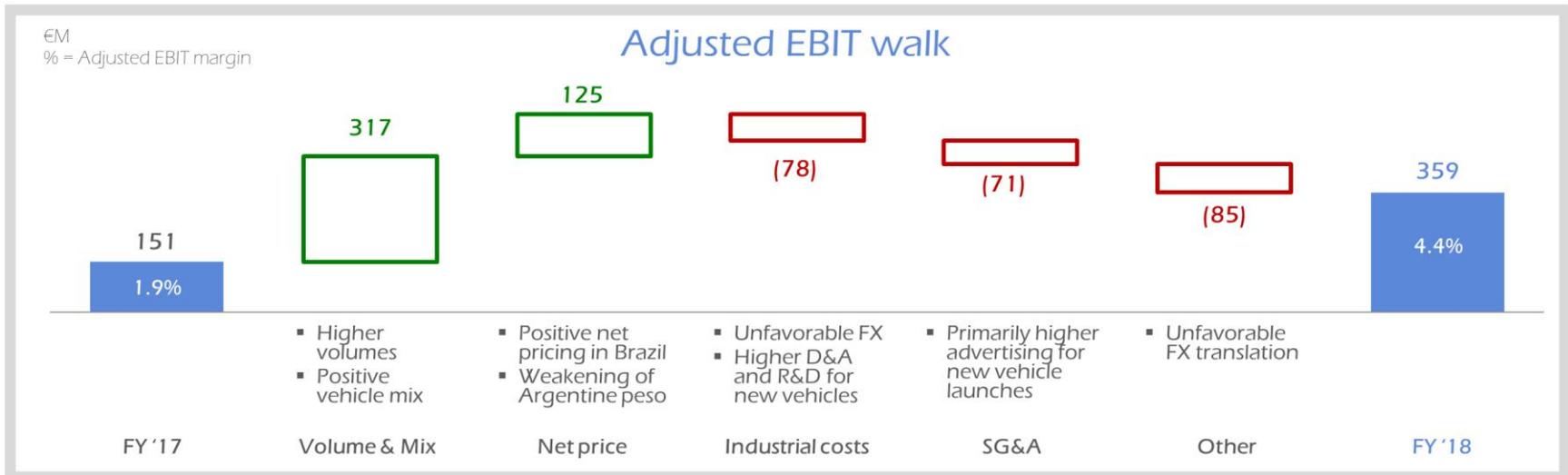


- Brazil industry up 14% y-o-y; Argentina industry down 10% y-o-y
- Market share in Brazil at 17.5%, flat y-o-y; sales at 434k units, up 14%
- Argentina market share up 60 bps to 12.8%; sales at 99k units, down 6%
- Jeep remained leader in Brazil SUV segments with combined share of 21.2%, down 70 bps y-o-y; Compass continues to be top selling SUV

- Down slightly from Sep '18

- Higher volumes primarily driven by all-new Fiat Argo and Cronos, as well as Jeep Renegade and Compass, partially offset by discontinued vehicles
- H2 '18 market weakness in Argentina

- Up 21% at CER
- Volumes up 12%
- Favorable vehicle mix
- Positive net pricing



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

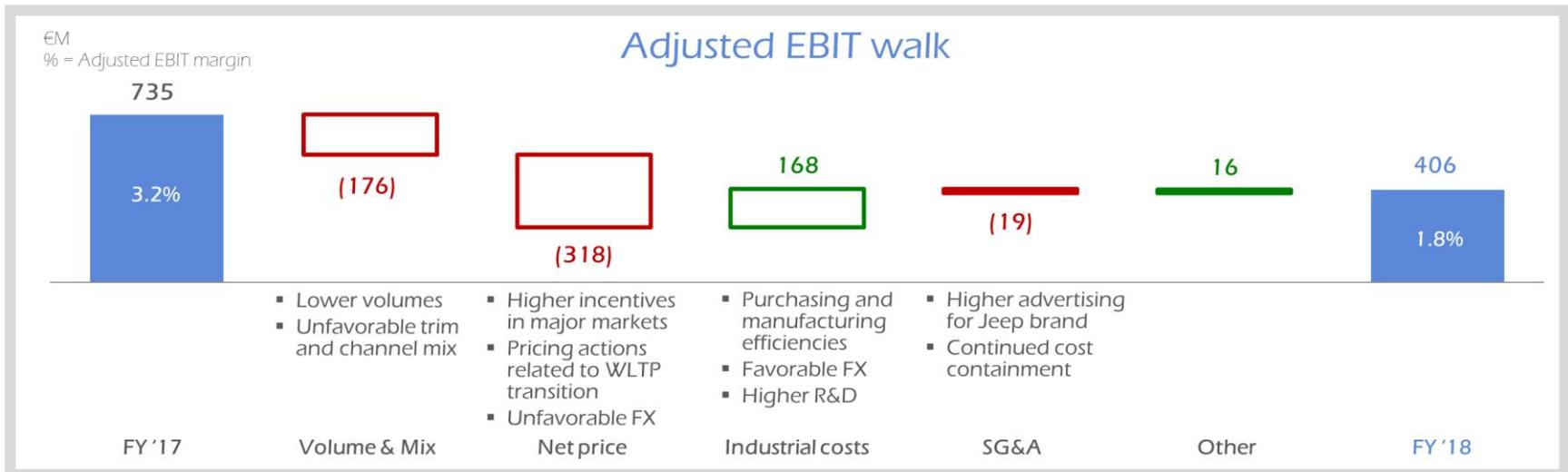




# EMEA



- EU 28 + EFTA (EU) passenger car (PC) industry flat y-o-y; with Italy down 3%; share down 10 bps
- EU LCV industry up 4%, with Italy down 3%; share down 30 bps, primarily due to Italy (-140 bps)
- PC sales in the region down 3%; higher Jeep (+49%), offset by lower Fiat (-10%)
- LCV sales down 6% mainly due to market weakness in Turkey
- Down from 98 days at Sep '18
- Lower shipments biased to H2 '18
- Higher Jeep brand shipments, more than offset by lower Fiat brand volumes
- Positive vehicle mix
- Lower shipments
- Unfavorable net pricing
- H2 '18 performance substantially at breakeven



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



# Maserati

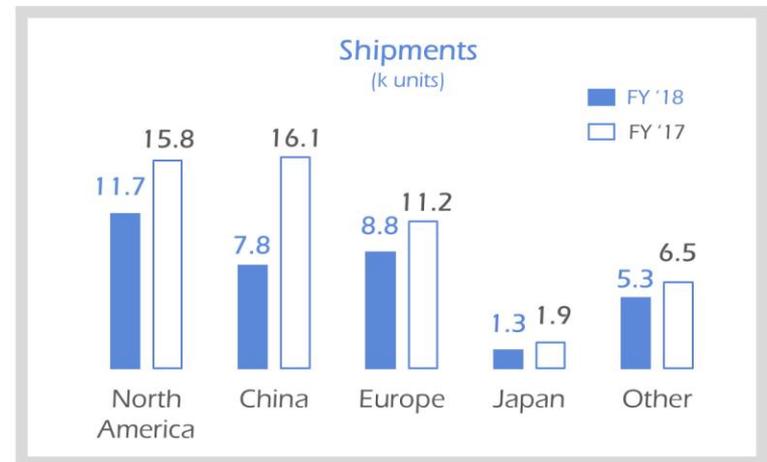


## Commercial performance

- Global sales down 28% y-o-y, with decreases in all major markets (China -43%, Europe -25%, North America -19%), partially due to lower industry volumes
- Lower shipments primarily related to market challenges in China, as well as inventory management actions and lower volumes in North America and Europe
- Continued inventory challenges due to disappointing sales performance; need to right-size during H1 '19

## Financial performance

- Lower Net revenues mainly due to lower volumes and unfavorable market mix
- Adjusted EBIT decrease primarily due to lower volumes, increased D&A and unfavorable FX, partially offset by lower marketing expenses



# Industry outlook



## NAFTA

(total vehicle sales including medium/heavy trucks)



- FY '19 forecast substantially in line with prior guidance <sup>(2)</sup>
- FY '19 U.S. industry forecasted to decrease slightly to 17.2M units, from 17.7 M units in FY '18
- FY '19 Canada and Mexico industries expected to remain stable at 2.0M and 1.4M units, respectively



## LATAM

(passenger cars and LCVs)



- FY '19 forecast revised down slightly from prior guidance <sup>(2)</sup> due to recent market weakness in Argentina
- Continued growth expected in Brazil, with FY '19 industry forecasted at 2.6M units, up from 2.5M units in FY '18
- FY '19 Argentina industry expected to continue its decline, down 0.2M units y-o-y to 0.6M units



## APAC <sup>(1)</sup>

(passenger cars only)



- FY '19 forecast revised down from prior guidance <sup>(2)</sup> due to recent decline in China market
- FY '19 China industry forecasted to remain flat y-o-y at 21.7M units



## EMEA

(passenger cars and LCVs)



- FY '19 forecast revised down from prior guidance <sup>(2)</sup> due to industry slowdown in H2 '18 and worsening macroeconomics in Turkey, U.K. and Italy
- FY '19 EU industry expected to decrease slightly to 17.8M units, from 18.0M units in FY '18

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

(2) As provided at Jun 1 '18 Capital Markets Day

Source: IHS Global Insight, Wards and Group estimates



Appendix



# Supplemental financial measures

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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:

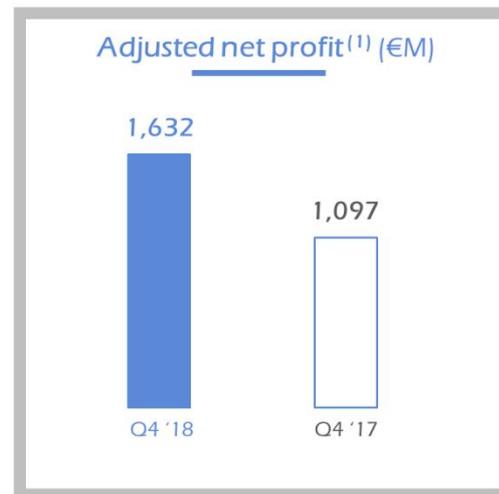
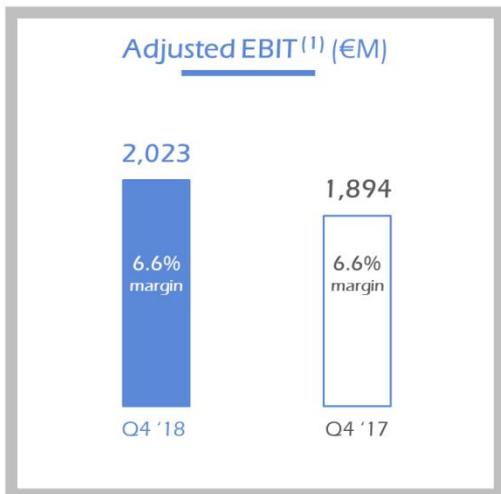
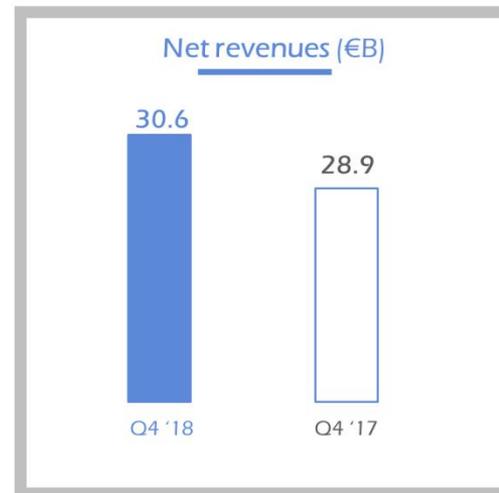
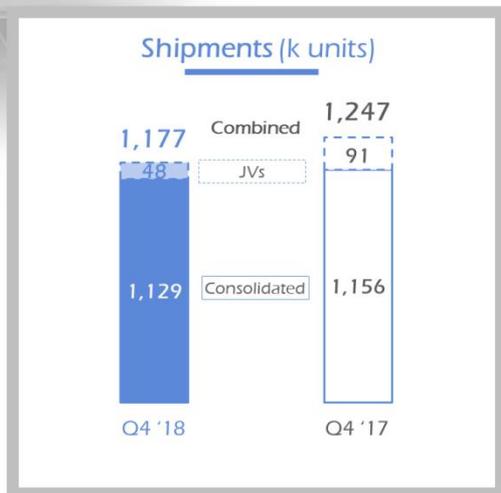
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is computed starting with Net profit and adding back Net financial expenses, Tax expense/(benefit) and depreciation and amortization expense
- Adjusted earnings before interest and taxes ("Adjusted EBIT") – continuing operations excludes certain adjustments from Net profit from continuing operations including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expense/(benefit). Adjusted EBIT includes both Adjusted EBIT – continuing operations and Adjusted EBIT – discontinued operations.
- Adjusted net profit – continuing operations is calculated as Net profit from continuing operations excluding post-tax impacts of the same items excluded from Adjusted EBIT – continuing operations, as well as financial income/(expenses) and tax income/(expenses) considered rare or discrete events that are infrequent in nature. Adjusted net profit includes both Adjusted net profit – continuing operations and Adjusted net profit – discontinued operations.
- Adjusted diluted EPS – continuing operations is calculated by adjusting Diluted EPS for the same items excluded from Adjusted net profit – continuing operations. Adjusted diluted EPS includes both Adjusted diluted EPS – continuing operations and Adjusted diluted EPS – discontinued operations.

- Industrial free cash flows is calculated as Cash flows from operating activities less: cash flows from operating activities related to financial services, net of eliminations; Investment in property, plant and equipment and intangible assets for industrial activities; 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. Industrial free cash flows includes both Industrial free cash flows – continuing operations and Industrial free cash flows – discontinued operations.
- Net industrial cash/(debt) is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) certain current debt 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 '18 summary\*



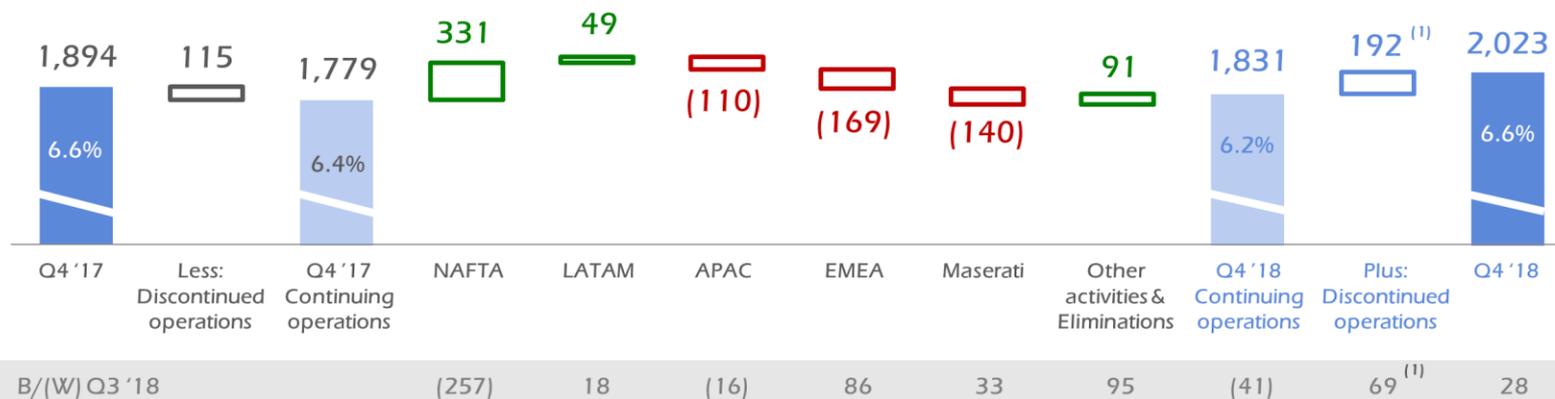
\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

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

# Q4 '18 Adjusted EBIT walk\*

€M  
% = Adjusted EBIT margin

## By segment



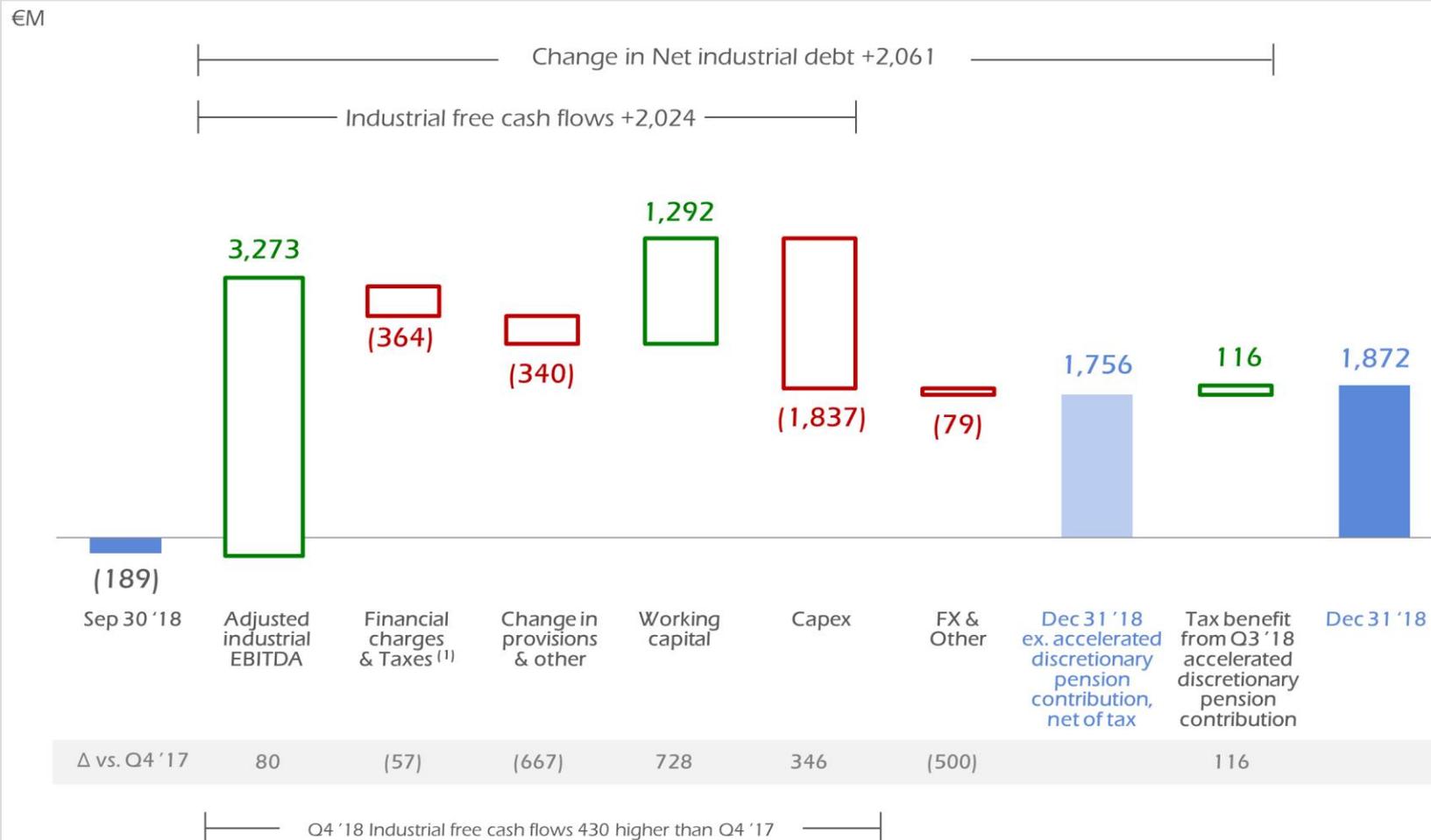
## By operational driver



\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. The remaining Components activities are no longer considered a separate reportable segment and are included within "Other activities". Refer to Appendix for definitions of supplemental financial measures and reconciliations to applicable IFRS metrics. Figures may not add due to rounding.

(1) Reflects €116M of cost savings due to discontinuance of depreciation and amortization of Magneti Marelli assets from Sep 30 '18, in accordance with IFRS 5

# Q4 '18 Net industrial cash walk\*



\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

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

(1) Net of IAS 19



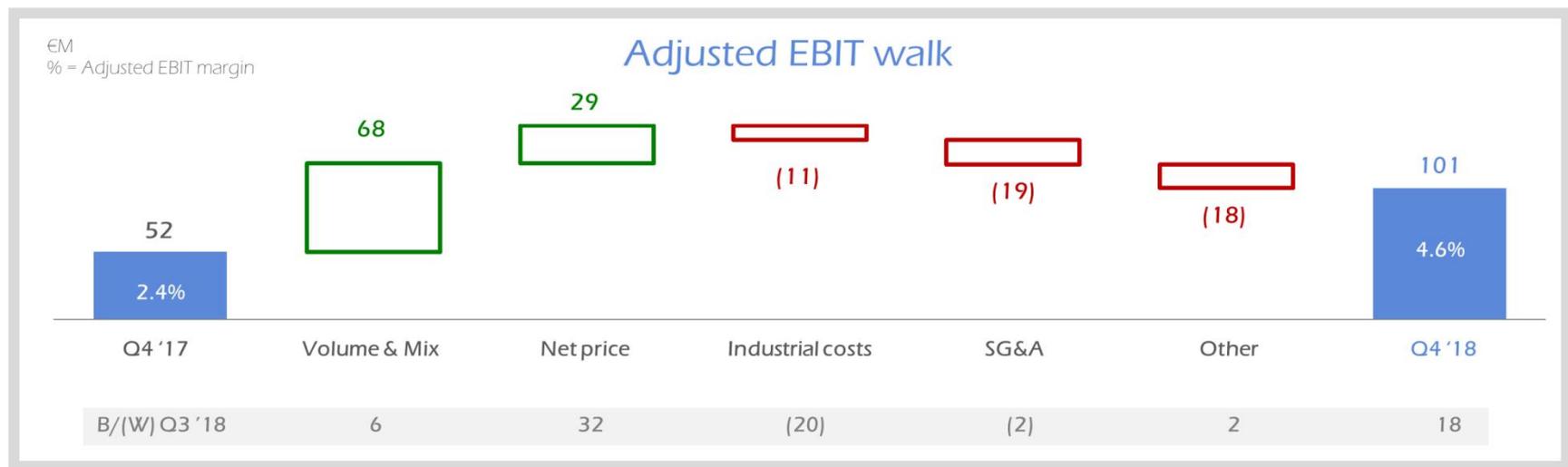
# Q4 '18 – NAFTA



(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.

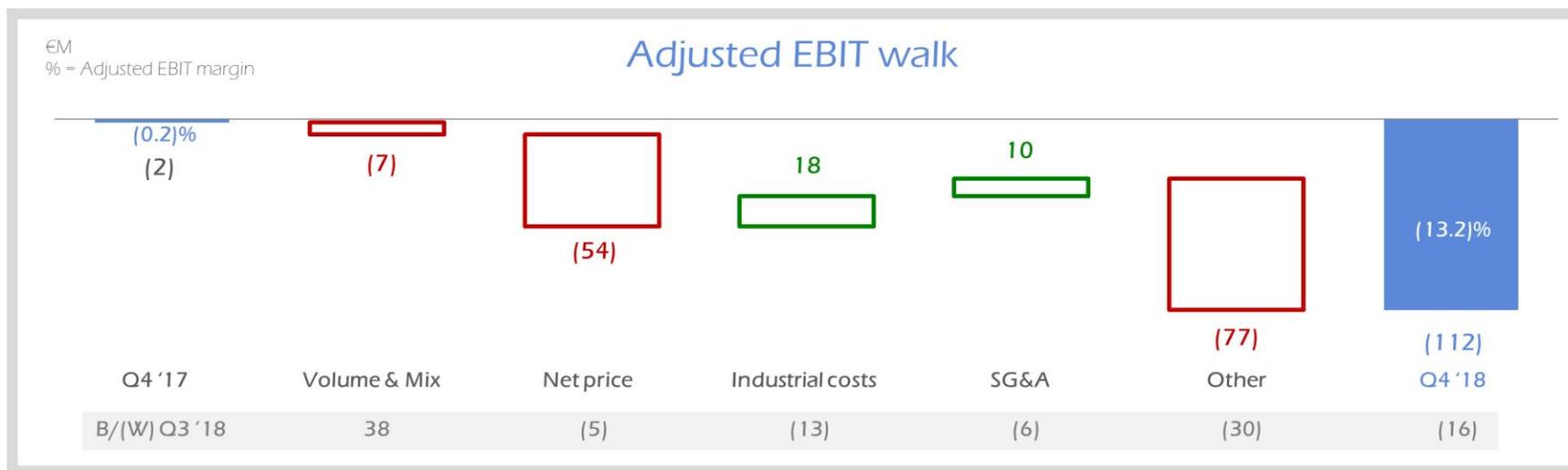


# Q4 '18 – LATAM





# Q4 '18 – APAC



(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.



# Q4 '18 – EMEA





# Q4 '18 – Maserati



# Key performance metrics\*

€M, except as otherwise stated

Three months ended Dec 31		Group results – including Magneti Marelli <i>(Presented for comparability with prior periods and previously provided guidance)</i>	Years ended Dec 31	
2018	2017		2018	2017
1,177	1,247	Combined shipments <sup>(1)</sup> ('000s units)	4,842	4,740
1,129	1,156	Consolidated shipments <sup>(1)</sup> ('000s units)	4,655	4,423
30,619	28,876	Net revenues	115,410	110,934
2,023	1,894	Adjusted EBIT <sup>(2)</sup>	7,284	7,054
1,293	804	Net profit	3,632	3,510
1,632	1,097	Adjusted net profit <sup>(2)</sup>	5,047	3,770
0.82	0.51	Diluted earnings per share (EPS) (€)	2.30	2.24
1.04	0.70	Adjusted diluted EPS <sup>(2)</sup> (€)	3.20	2.41

## Group results – excluding Magneti Marelli Continuing operations

29,474	27,582	Net revenues	110,412	105,730
1,831	1,779	Adjusted EBIT <sup>(2)</sup>	6,738	6,609
255	335	Net financial expenses	1,056	1,345
1,081	1,264	Profit before taxes	4,108	5,879
(90)	523	Tax expense	778	2,588
1,171	741	Net profit	3,330	3,291
1,492	1,008	Adjusted net profit <sup>(2)</sup>	4,707	3,512
0.74	0.47	Diluted EPS (€)	2.12	2.11
0.94	0.64	Adjusted diluted EPS <sup>(2)</sup> (€)	3.00	2.25

\* As a result of the announced sale of Magneti Marelli and, in accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. Magneti Marelli's results will be presented net of tax in a separate line item after Net profit from continuing operations.

(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

(2) Refer to definitions of supplemental financial measures and reconciliations to applicable IFRS metrics, included herein

# Reconciliation of Net profit to Adjusted EBIT\*

€M			Years ended Dec 31	
Three months ended Dec 31			2018	2017
2018	2017		2018	2017
1,293	804	Net profit	3,632	3,510
122	63	Less: Net profit – discontinued operations <sup>(1)</sup>	302	219
<b>1,171</b>	<b>741</b>	<b>Net profit from continuing operations</b>	<b>3,330</b>	<b>3,291</b>
(90)	523	Tax expense	778	2,588
255	335	Net financial expenses	1,056	1,345
		Adjustments:		
35	—	Charge for U.S. diesel emissions matters <sup>(A)</sup>	748	—
189	86	Impairment expense and supplier obligations <sup>(B)</sup>	353	219
—	—	China inventory impairment <sup>(C)</sup>	129	—
160	102	Costs for recall, net of recovery – airbag inflators <sup>(D)</sup>	114	102
—	—	U.S. special bonus payment <sup>(E)</sup>	111	—
77	6	Restructuring costs, net of reversals <sup>(F)</sup>	103	86
14	—	Employee benefits settlement losses <sup>(G)</sup>	92	—
43	—	Port of Savona (Italy) flood and fire <sup>(H)</sup>	43	—
—	—	Tianjin (China) port explosions insurance recoveries	—	(68)
—	(27)	Gains on disposal of investments	—	(76)
—	—	(Recovery of)/costs for recall – contested with supplier <sup>(I)</sup>	(50)	—
(60)	(38)	NAFTA capacity realignment <sup>(J)</sup>	(60)	(38)
(25)	—	Brazilian indirect tax – reversal of liability/recognition of credits <sup>(K)</sup>	(72)	(895)
—	42	Deconsolidation of Venezuela	—	42
62	9	Other	63	13
495	180	Total adjustments – continuing operations	1,574	(615)
<b>1,831</b>	<b>1,779</b>	<b>Adjusted EBIT – continuing operations</b>	<b>6,738</b>	<b>6,609</b>
192	115	Adjusted EBIT – discontinued operations	546	445
<b>2,023</b>	<b>1,894</b>	<b>Adjusted EBIT</b>	<b>7,284</b>	<b>7,054</b>

• As a result of the announced sale of Magneti Marelli and, in accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. Magneti Marelli's results will be presented net of tax in a separate line item after Net profit from continuing operations.

(1) Reflects €96M of cost savings, net of tax of €20M, due to discontinuance of depreciation and amortization of Magneti Marelli assets from Sep 30 '18, in accordance with IFRS 5

Refer to Page 28 for explanation of Notes A – K above



# Reconciliation of Net profit to Adjusted EBIT – notes

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Refer to Page 27 for a reconciliation of Net profit to Adjusted EBIT and related notes

FY '18 Adjusted EBIT excludes adjustments primarily related to:

- (A) Costs related to final settlements reached on civil, environmental and consumer claims related to U.S. diesel emissions matters
- (B) Impairment expense of €297M and supplier obligations of €56M, primarily in EMEA, resulting from changes in product plans in connection with the 2018 – 2022 Business Plan
- (C) Impairment of inventory in connection with acceleration of new emissions standards in China and slower than expected sales
- (D) Accrual in relation to costs for recall campaigns related to Takata airbag inflators, net of recovery
- (E) Special bonus payment of \$2,000 to approximately 60,000 employees in NAFTA as a result of the U.S. Tax Cuts and Jobs Act
- (F) Restructuring costs primarily consisting of €123M in EMEA, partially offset by reversal of €28M of previously recorded restructuring costs in LATAM
- (G) Charges arising on settlement of a portion of a supplemental retirement plan and an annuity buyout in NAFTA
- (H) Costs in relation to the Port of Savona (Italy) flood and fire
- (I) Recovery of amounts accrued in 2016 in relation to costs for recall contested with a supplier
- (J) Reduction of costs in relation to the NAFTA capacity realignment which were accrued in 2015
- (K) Credits recognized related to indirect taxes in Brazil

# Reconciliation of Net profit to Adjusted net profit and Diluted EPS to Adjusted diluted EPS\*

€M

Three months ended Dec 31			Years ended Dec 31	
2018	2017		2018	2017
<b>Net profit to Adjusted net profit</b>				
1,293	804	Net profit	3,632	3,510
122	63	Less: Net profit – discontinued operations <sup>(1)</sup>	302	219
<b>1,171</b>	<b>741</b>	<b>Net profit from continuing operations</b>	<b>3,330</b>	<b>3,291</b>
495	180	Total adjustments – continuing operations (per Page 27)	1,574	(615)
(128)	(1)	Tax impact on adjustments <sup>(2)</sup>	(125)	14
–	–	Brazil deferred tax assets write-off	–	453
–	–	Reduction of deferred tax assets related to reversal of a Brazilian indirect tax liability	–	281
(46)	88	Impact of Dec '17 U.S. tax reform	(72)	88
321	267	Total adjustments, net of taxes – continuing operations	1,377	221
<b>1,492</b>	<b>1,008</b>	<b>Adjusted net profit – continuing operations</b>	<b>4,707</b>	<b>3,512</b>
140	89	Adjusted net profit – discontinued operations	340	258
<b>1,632</b>	<b>1,097</b>	<b>Adjusted net profit</b>	<b>5,047</b>	<b>3,770</b>

€, except as otherwise stated

<b>Diluted EPS to Adjusted diluted EPS</b>				
0.82	0.51	Diluted EPS	2.30	2.24
0.08	0.04	Less: Diluted EPS – discontinued operations	0.18	0.13
<b>0.74</b>	<b>0.47</b>	<b>Diluted EPS – continuing operations</b>	<b>2.12</b>	<b>2.11</b>
0.20	0.17	Impact of adjustments, net of taxes, on Diluted EPS – continuing operations	0.88	0.14
<b>0.94</b>	<b>0.64</b>	<b>Adjusted diluted EPS – continuing operations</b>	<b>3.00</b>	<b>2.25</b>
0.09	0.06	Adjusted diluted EPS – discontinued operations	0.20	0.16
<b>1.04</b>	<b>0.70</b>	<b>Adjusted diluted EPS <sup>(3)</sup></b>	<b>3.20</b>	<b>2.41</b>
<b>1,568,312</b>	<b>1,562,066</b>	<b>Weighted average number of shares outstanding for Diluted EPS ('000s)</b>	<b>1,567,839</b>	<b>1,556,306</b>

\* As a result of the announced sale of Magneti Marelli and, in accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. Magneti Marelli's results will be presented net of tax in a separate line item after Net profit from continuing operations.

(1) Reflects €96M of cost savings, net of tax of €20M, due to discontinuance of depreciation and amortization of Magneti Marelli assets from Sep 30 '18, in accordance with IFRS 5

(2) Reflects tax impact on adjustments excluded from Adjusted EBIT noted on Page 27

(3) Figures may not add due to rounding

# Reconciliation of Debt to Net industrial cash/(debt) and Cash flows from operating activities to Industrial free cash flows\*

€M

Debt to Net industrial cash/(debt)	Dec 31 '18	Sep 30 '18	Dec 31 '17
Debt	(14,705)	(15,426)	(17,971)
Current financial receivables from jointly-controlled financial services companies	242	350	285
Derivative financial assets/(liabilities), net and collateral deposits	151	272	206
Current debt securities	219	371	176
Cash and cash equivalents	13,175	11,926	12,638
Net cash/(debt)	(918)	(2,507)	(4,666)
Exclude: Net financial services debt	2,790	2,318	2,276
Net industrial cash/(debt)	1,872	(189)	(2,390)

## Three months ended Dec 31

Three months ended Dec 31		Cash flows from operating activities to Industrial free cash flows	Years ended Dec 31	
2018	2017		2018	2017
3,985	3,816	Cash flows from operating activities	9,948	10,385
(8)	(39)	Less: Operating activities not attributable to industrial activities	(59)	(146)
(1,837)	(2,183)	Less: Capital expenditures for industrial activities	(6,025)	(8,663)
(116)	—	Add back: Discretionary pension contribution, net of tax	478	—
2,024	1,594	Industrial free cash flows	4,342	1,576
(13)	89	Less: Industrial free cash flows – discontinued operations	(106)	123
2,037	1,505	Industrial free cash flows – continuing operations	4,448	1,453

\* Group results, except as otherwise noted, include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

# Debt maturity schedule\*

€B

Outstanding Dec 31 '18		2019	2020	2021	2022	2023	Beyond
5.5	Bank debt	3.2	0.8	0.4	0.7	0.2	0.2
8.1	Capital markets debt	1.8	1.3	1.0	1.4	1.3	1.3
0.6	Other debt	0.5	0.1	0.0	0.0	0.0	0.0
14.3	Total cash maturities <sup>(1)</sup>	5.5	2.2	1.4	2.1	1.6	1.5
13.4	Cash and marketable securities						
7.7	Undrawn committed revolving facilities						
21.1	Total available liquidity						
8.6	Sale of receivables (IFRS de-recognition compliant)						
5.5	<i>of which receivables sold to financial services JVs (FCA Bank)</i>						

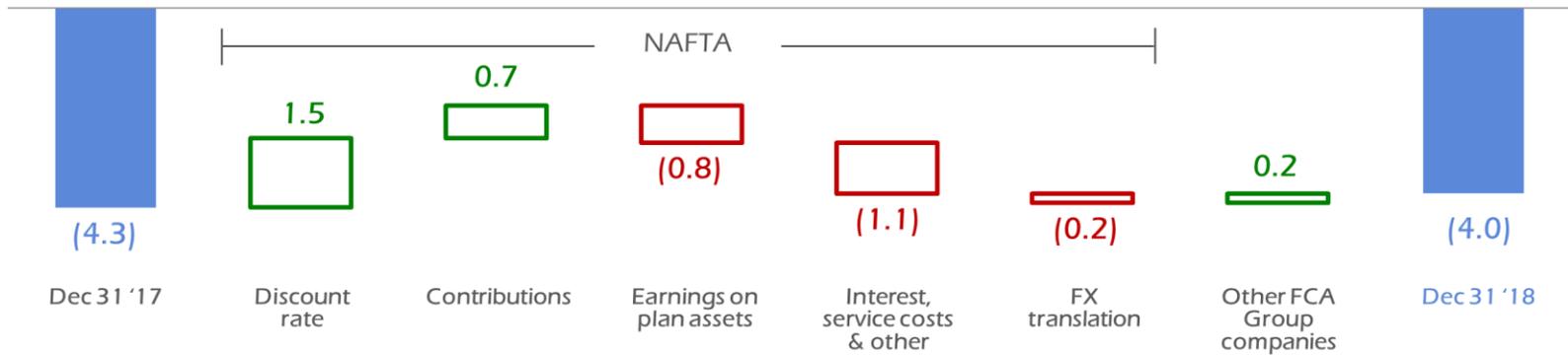
\* Group results include Magneti Marelli for comparability with prior periods and previously provided guidance. In accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods.

(1) Excludes accruals and asset backed financing of €0.5B at Dec 31 '18

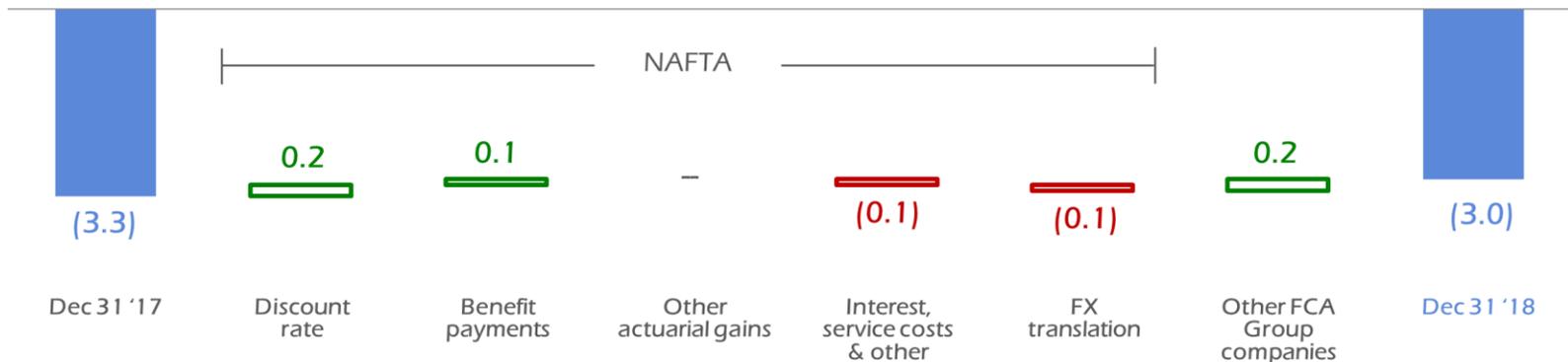
Figures may not add due to rounding

# Pension and OPEB plans funded status

## Pension plans <sup>(1)</sup>



## OPEB plans <sup>(2)</sup>



A ±100 bps change in the discount rate would impact pension and OPEB obligations by ~€2.9B

(1) Balances include prepaid pension plans of €0.5B at both Dec 31 '18 and Dec 31 '17

(2) Includes TFR (termination service indemnity) in Italian entities of €0.7B at Dec 31 '18 and €0.8B at Dec 31 '17

# Research and development costs and expenditures\*

€M

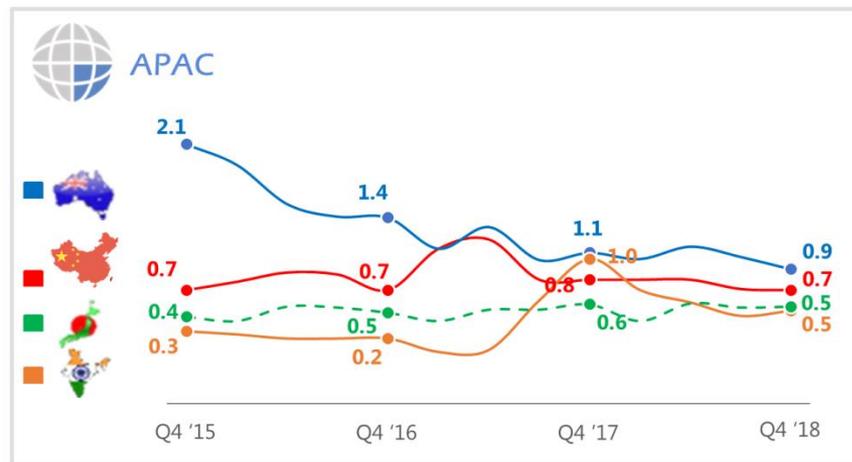
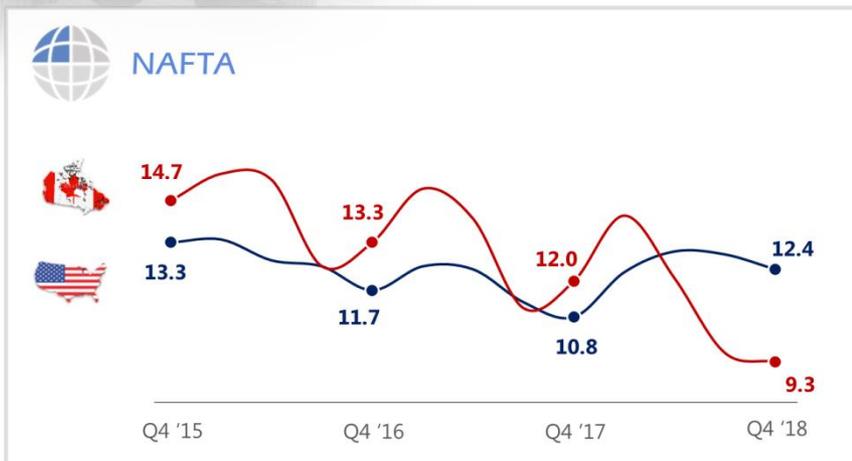
Three months ended Dec 31			Years ended Dec 31	
2018	2017		2018	2017
<b>Research and development costs (excluding Magneti Marelli)</b>				
360	392	Research and development expenditures expensed	1,448	1,506
361	243	Amortization of capitalized development expenditures	1,456	1,294
81	58	Impairment and write-off of capitalized development expenditures	147	103
<b>802</b>	<b>693</b>	<b>Total research and development costs</b>	<b>3,051</b>	<b>2,903</b>

<b>Research and development expenditures (excluding Magneti Marelli)</b>				
616	616	Capitalized development expenditures	2,079	2,431
360	392	Research and development expenditures expensed	1,448	1,506
<b>976</b>	<b>1,008</b>	<b>Total research and development expenditures</b>	<b>3,527</b>	<b>3,937</b>

\* As a result of the announced sale of Magneti Marelli and, in accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the Group's financial statements for current and prior periods. Magneti Marelli's results will be presented net of tax in a separate line item after Net profit from continuing operations.

# 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.

**FCA**

FIAT CHRYSLER AUTOMOBILES