

**FIAT CHRYSLER AUTOMOBILES N.V.**  
**ANNUAL GENERAL MEETING**

**Address from CEO**

**Sergio Marchionne**

**Amsterdam, 13 April 2018**



Good Morning Shareholders,

And welcome to the Fiat Chrysler Automobiles Annual General Meeting.



We will start by looking at the Group results for 2017.

FCA closed the year with another **record** performance, achieving ambitious financial targets and providing further evidence that we continue to deliver on our five-year plan.

We have now reached or exceeded all key financial goals in each of the first four years of the current business plan.

Our key accomplishments in 2017 included improving Adjusted EBIT to a record level, increasing Group margin by 90 basis points, nearly doubling net profit and reducing net industrial debt by almost half.

In addition, every one of our segments was profitable and posted year-over-year improvement in Adjusted EBIT margin.

On the **product** side, we increased our competitiveness with several significant vehicle launches.

We also made several key moves to stay at the forefront of the rapid **technological changes** that are transforming the industry:

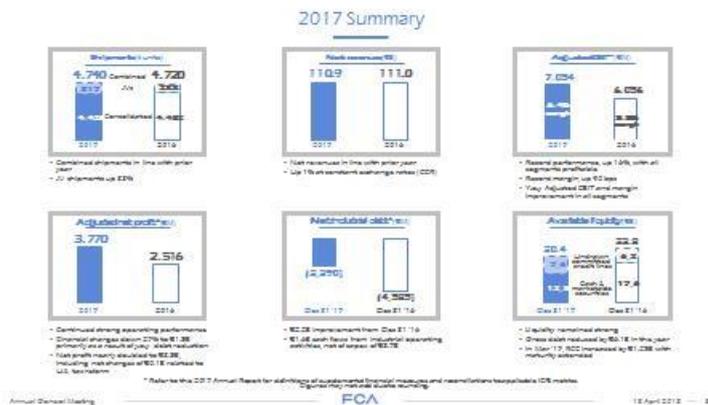
- We further strengthened our partnership with Waymo to integrate Google's self-driving technology into Pacifica Hybrid minivans
- We signed a memorandum of understanding to join the BMW Group, Intel and Mobileye to create a state-of-the-art autonomous driving platform for global deployment and we are exploring other ways through which we can provide these services to our customers
- We have developed new mild-hybrid powertrain systems that are being applied to the all-new Jeep Wrangler and the all-new Ram light duty pickup truck
- And we continued the expansion of the Chrysler Pacifica Hybrid sales, the first and only electrified vehicle in the minivan segment, and recipient of numerous awards including being named one of Wards "10 Best Engines" for two years in a row and "2018 Best New Hybrid Car" by the editors of *Good Housekeeping*.

During the year, the credit **rating agencies** updated their assessment of FCA:

- Moody's and S&P both improved their outlook to positive from stable
- And Fitch upgraded FCA, maintaining its positive outlook.

During the first quarter of 2018, Moody's and S&P both upgraded FCA to Ba2 and BB+ respectively.

As already announced, in support of the capital requirements of the Group's business plan, the Board of Directors did not recommend dividend distribution for 2017.



Turning to a summary of our operating results, in 2017 our worldwide combined shipments, including shipments from our joint ventures, were in line with the prior year at 4.7 million units.

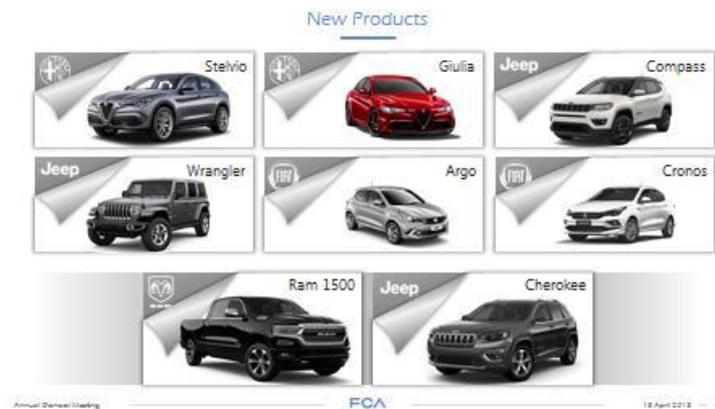
Net revenues came in at €111 billion, also in line with the prior year.

We improved Adjusted EBIT by 16 percent to €7.1 billion, with Group margin increasing to 6.4 percent from 5.5 percent in 2016.

Adjusted net profit climbed 50 percent to €3.8 billion.

We also generated €1.6 billion in cash flows from industrial operating activities which contributed to a reduction in Net industrial debt to €2.4 billion at year-end from €4.6 billion at the end of 2016.

In addition, our available liquidity remained strong at €20.4 billion.



This slide provides an overview of our key product launches during the year.

Alfa Romeo launched the **Stelvio**, its first-ever SUV, and completed the introduction of the **Giulia** in all major global premium markets. Both models represent a significant step in establishing a global presence for the brand.

We launched the all-new **Jeep Compass** worldwide, completing its industrialization plan with an additional production site in Ranjangaon, India. The Compass is now built in North America, Brazil, China and India, reflecting the global expansion of Jeep.

We also started production of the all-new 2018 **Jeep Wrangler**, updating this iconic model with a host of innovative technologies, including a new 8-speed automatic transmission, over 75 advanced safety and security features, and an all-new advanced 2.0L turbo engine with eTorque mild hybrid system.

In LATAM, the Fiat brand launched the all-new **Argo** hatchback, equipped with the new Firefly global modular small engine family.

The Cordoba Plant in Argentina began producing the all-new **Fiat Cronos** compact sedan, for distribution in markets across Latin America, which completes the renewal of our Fiat passenger car line-up in the region.

We have continued this product offensive into the beginning of 2018 with the reveal of the all-new **Ram 1500** pickup truck and the new **Jeep Cherokee** at the North American International Auto Show in Detroit. Both of these products are now in production.



Now let's look at our performance by segment, beginning with NAFTA.

As previously announced, we are implementing a significant realignment of our manufacturing footprint in the region, in response to a continued shift in demand towards trucks and SUVs.

We are focused on increasing margin by improving product mix and increasing sales by providing more capacity for high demand products and also for new white-space products in the near future.

In 2017, our overall **market share** in the U.S. was down due to reduced fleet volumes, which represented 19 percent of total mix, while retail market share was substantially flat.

There was a 7 percent decrease in **shipments** for the region, primarily due to the planned fleet decrease and the discontinuation of products such as the Chrysler 200, the Dodge Dart and the Jeep Patriot, which is part of our capacity realignment plan.

**Net revenues** were down 4 percent year-over-year to €66 billion, with favorable vehicle and channel mix partially offsetting the reduction in shipments.

Despite lower volumes, NAFTA continued its margin improvement, reaching 7.9 percent, up from 7.4 percent the prior year.

**Adjusted EBIT** was up 2 percent to €5.2 billion.



In LATAM, we posted robust growth driven by new products and improving conditions in the key Brazilian market, where industry **sales** were up 9 percent year-over-year, to 2.2 million vehicles.

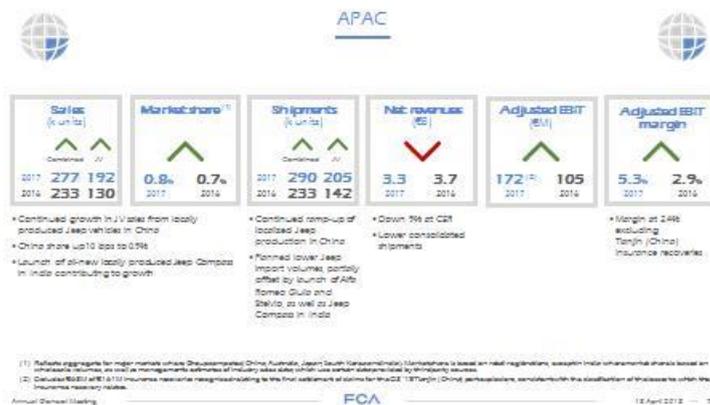
Our **market share** was down 90 basis points in Brazil to 17.5 percent, mainly due to discontinuance of the Fiat Palio family, partially offset by the ramp-up of the all-new Fiat Argo. Our market share in Argentina was up 60 basis points to 12.2 percent.

In addition:

- Jeep finished the year as market leader in Brazil in the SUV segment with a combined share of 21.8 percent, up 180 basis points from 2016
- The all-new Jeep Compass was the top selling SUV in Brazil for the year
- And the all-new Fiat Argo, launched in July, sold 28,000 units in Brazil in just five months.

**Shipments** in the region increased by 14 percent, driven by the Fiat Mobi, the all-new Fiat Argo and the Jeep Compass.

**Net revenues** were up 29 percent and **Adjusted EBIT** reached €151 million up from €5 million the previous year.



In APAC, **industry demand** for the year was up one percent in China and Australia, and 9 percent in India.

Combined Group **sales**, which includes the sales of vehicles manufactured by our joint venture operations, increased 19 percent.

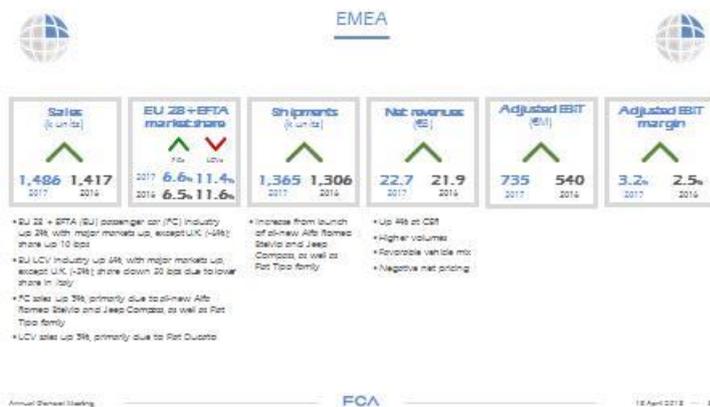
The Jeep brand continued to grow in 2017 with combined sales reaching 241,000 units, representing 87 percent of our combined sales in the region.

Combined **shipments**, which include our joint venture operations, were up 24 percent year-over-year to nearly 300,000 units.

The increase was driven by the continued ramp-up of Jeep production through our Chinese joint venture as well as the start of production of the all-new Jeep Compass in India

**Net revenues** were down 11 percent, mainly due to lower consolidated shipments.

**Adjusted EBIT** increased 64 percent to €172 million, largely due to the final insurance recoveries from the 2015 Tianjin port explosions in China and the improved results from our China joint venture, partially offset by costs for the launch of Alfa Romeo in China.



In EMEA, the positive trend continued with the region improving its sales, revenues and profitability.

The European **industry** was up 3 percent for passenger cars and 6 percent for light commercial vehicles.

Our passenger car **sales** increased 5 percent and market share was up 10 basis points while sales increased 5 percent for light commercial vehicles.

The higher passenger car **volumes** were primarily attributable to the all-new Jeep Compass and Alfa Romeo Stelvio, as well as the Fiat Tipo family, while the increase in light commercial vehicles was mainly due to the Fiat Ducato.

**Net revenues** were up 4 percent, primarily due to higher volumes and favorable vehicle mix.

**Adjusted EBIT** increased 36 percent to €735 million with full-year margin increasing by 70 basis points to 3.2 percent as a result of the increased net revenues and continued cost efficiencies.



Maserati also had a strong year.

**Shipments** grew by 22 percent to 52,000 units, primarily driven by an increase in global sales of the Levante which were partially offset by lower volumes for the Ghibli and Quattroporte.

**Net revenues** increased by 17 percent to over €4.0 billion, primarily due to higher volumes.

**Adjusted EBIT** climbed 65 percent to €560 million and margin grew to 13.8 percent, up from 9.7 percent the year before.



Magneti Marelli, Comau and Teksid all increased **net revenues**, reflecting higher volumes across all three businesses.

The Components segment achieved a 20 percent increase in **Adjusted EBIT** to €536 million and continued its margin improvement, reaching 5.3 percent compared with 4.6 percent in 2016.

Magneti Marelli posted a strong performance for the year, with Adjusted EBIT and margin growth, led by increases in lighting and chassis business lines.



This slide provides a quick update on where we stand in relation to the strategic priorities we defined in our 5-year business plan.

As you can see, we have already completed or made substantial progress on all of the key initiatives we outlined in the original plan announced in May 2014 and subsequently updated in January 2016.

We have invested significantly in the development of **Jeep** as a truly global brand, both expanding the product range and localizing production in all Regions.

Following this clear strategy, Jeep has gone through a profound transformation in just a few years:

- From a strong but largely U.S. based brand to a global powerhouse that sells vehicles in more than 150 countries around the world
- From selling a few hundred thousand units a year (338,000 in 2009) to several years of record sales, passing the million-vehicle mark each of the past four years
- From a brand whose vehicles were assembled in four plants in one country to a global brand with vehicles assembled in ten plants in six countries.

We have been working methodically on our **luxury and premium** strategy, focused on both Maserati and Alfa Romeo, and have launched key new products for each brand.

We have made significant progress to revive **Alfa Romeo's** distinctive spirit.

We believe there is still work to do to maximize its global appeal but today Alfa Romeo is a true showcase of the Group's best resources, talent and technological know-how.

After a more than 30 years absence from the sport, Alfa Romeo also returned to the world of racing for the 2018 Formula One World Championship season, which has long been an integral part of the brand's DNA.

**Maserati** has undergone a significant transformation, following an ambitious strategy to expand its product range into the Luxury SUV and High-End E Sedan segments:

- From a niche brand to a global luxury automotive brand with full coverage of the luxury market
- From a few thousand units a year (6,200 in 2012) to over 51,000 shipments in 2017 as a result of exponential growth thanks to 3 new models
- From a moderately profitable business to the best financial performance in its more than century-long history.

We have **leveraged** the broad-based portfolios of our brands to share **platforms** and components in order to achieve sustainable economies of scale.

We have focused on **improving margins** in all Regions by being flexible and executing decisively to react to market trends. The capacity realignment underway in NAFTA, which is almost complete, is clear evidence of this approach.

We have also significantly strengthened our **balance sheet**.

Over the last four years we have followed a disciplined and rigorous strategy to reduce our Net industrial debt and our goal is by the end of 2018 to have a Net industrial cash position of around €4.0 billion.

We believe that this, together with the other significant accomplishments, will further reinforce FCA's rightful position as a leader in the global automotive business.

#### 2018 Guidance Confirms Business Plan Key Targets

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

\* Refer to the 2017 Annual Report for definitions of substantial financial measures and related criteria regarding the CDO metrics. Guidance is not provided on the basis of readily assessable (2S) financial statement line items for Adjusted EBIT and Adjusted net profit as the income statements published from these metrics are financial measures in accordance with our policy on, by definition, non-financial and uncertain.

Annual General Meeting

FCA

12 April 2018 12

We have already given our guidance for the current year, confirming all key targets for the fifth and final year of the current plan.

These targets include:

- Net revenues at around €125 billion
- Adjusted EBIT in excess of €8.7 billion
- Adjusted net profit of approximately €5 billion, and
- Net industrial cash of around €4.0 billion by year-end.

With regard to the near-term outlook, we have confirmed that the Group will be presenting an updated business plan on June 1<sup>st</sup>, which will set the stage for the next phase of growth for FCA.



I would like to conclude by thanking everyone in the FCA organization for their contribution to meeting the challenges and leveraging the opportunities that are a constant part of our business.

I would also like to thank all of our shareholders for supporting the Group and its management over the past 12 months, for having been loyal partners on our journey so far and for continuing to support us.

Your trust is fundamental, and it will enable FCA to continue to pursue its founding commitment: to deliver with determination, integrity and accountability.

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