



Not for the faint-hearted: a focus on plan for EMEA

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Integration with Chrysler proceeding apace

Progress to-date



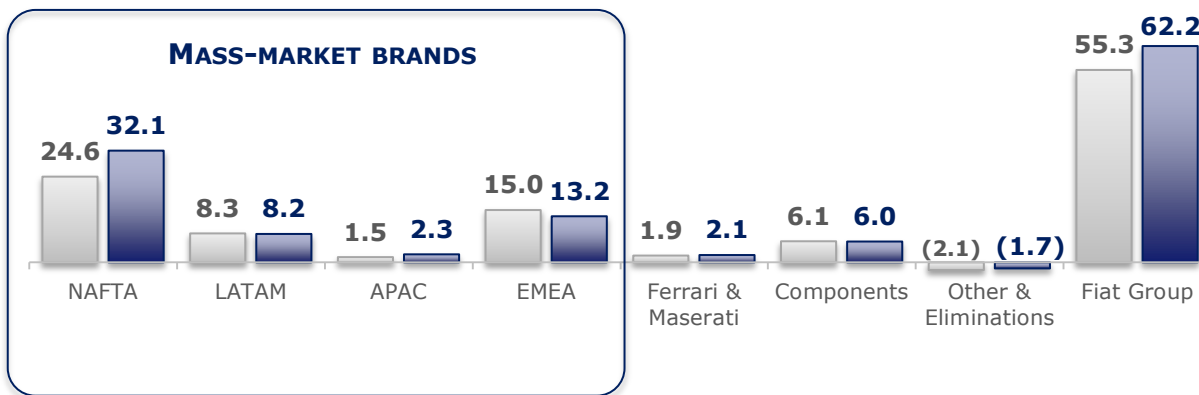
- **New Chrysler formed out of “363” sale June 2009 with Fiat at 20%**
- **Government loans repaid in May 2011, 6 years early; Fiat to 58.5% of equity**
- **GEC formed to drive single management organization with 4 regional hubs Sept 2011**
- **Chrysler sales activities integrated into Fiat in EMEA & LATAM**
- **Fiat brand successfully launched in NAFTA with Fiat 500 early 2011**
- **Converged to 3 key architectures and launched first vehicle with New Panda (Mini), 500L (Small), Dart (Compact)**
- **Maserati brand relaunch accelerating, 2 new sedans launching H1 2013**
- **Integrating Fiat LCV vehicles into RAM brand to complete full-range commercial vehicle brand. Ram Pro-Master (Ducato) launching in NAFTA in 2013**
- **Completing worldwide powertrain offering with Fire 1.4 in NAFTA, Pentastar downsize for APAC, 8- & 9-speed planetary transmissions**
- **APAC business developing driven by Jeep success, localization started with launch of Viaggio in China**
- **Purchasing & WCM progressing with significant savings, efficiency & capacity improvements**
- **No longer a marginal player in global ranking**

Financial highlights

Year-to-date to September performance by segment



REVENUES (€BN)



- Top-line reflects continued strong growth in NAFTA and APAC; LATAM flat y-o-y and EMEA down 12% with continued demand declines

- Group trading profit up ~15%

- Trading margin at 4.5%

- Net income over €1.0bn (€1.2bn ex-unusals)

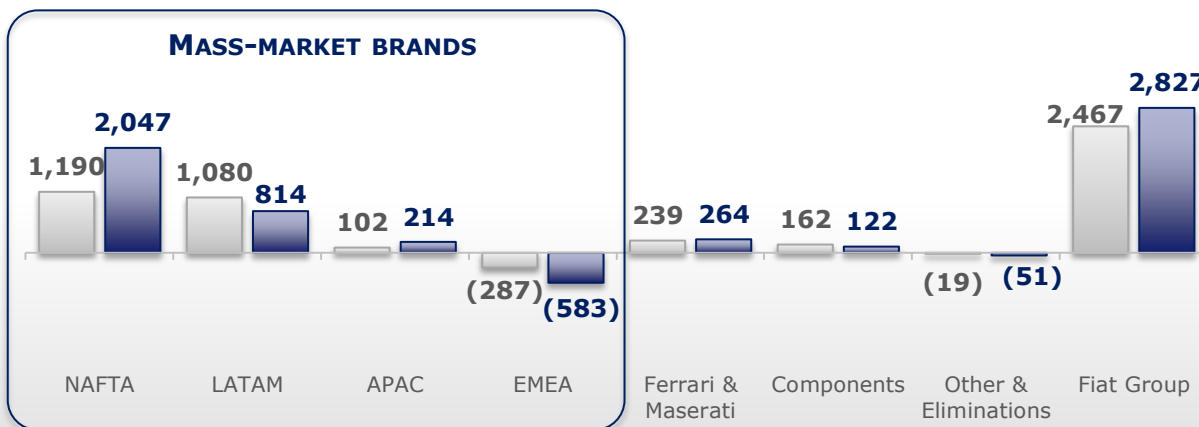
- Profit attributable to owners of parent of €246mn

- Net industrial debt at €6.7bn, increased by €1.3bn from Q2 exit due to seasonal cash absorption, accentuated by market conditions in Europe

- Total Group available liquidity at €20bn (incl. €3.0bn in undrawn credit lines)

TRADING PROFIT (€MN)

■ Sep YTD 2011 (pro-forma) ■ Sep YTD 2012



Note

1) Pro-forma calculated by including Chrysler results as if consolidated from Jan 1, 2012

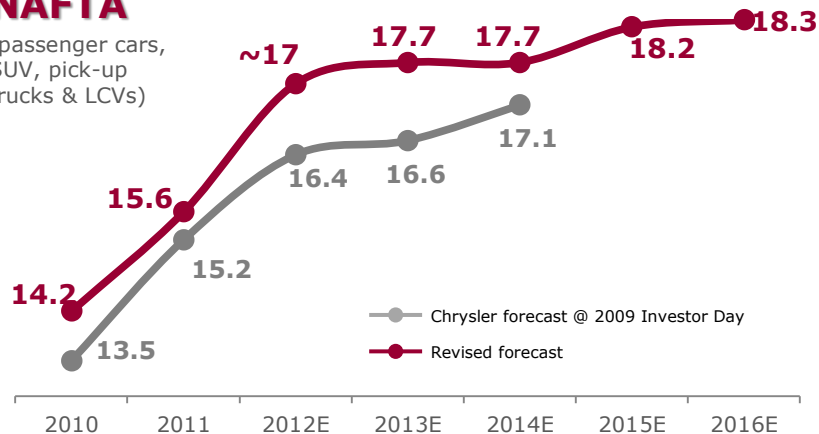
2) Graphs not to scale

Industry trend and forecast (mn units)



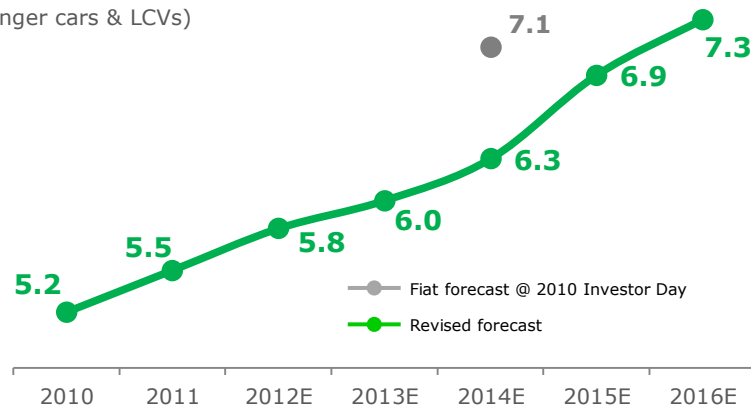
NAFTA

(passenger cars, SUV, pick-up trucks & LCVs)



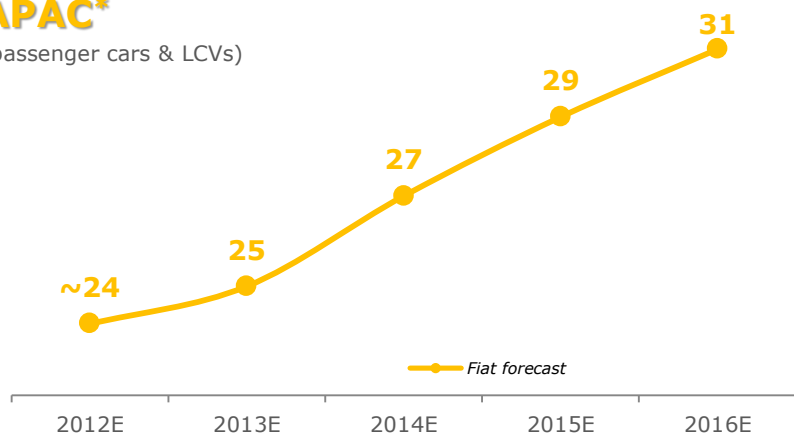
LATAM

(passenger cars & LCVs)



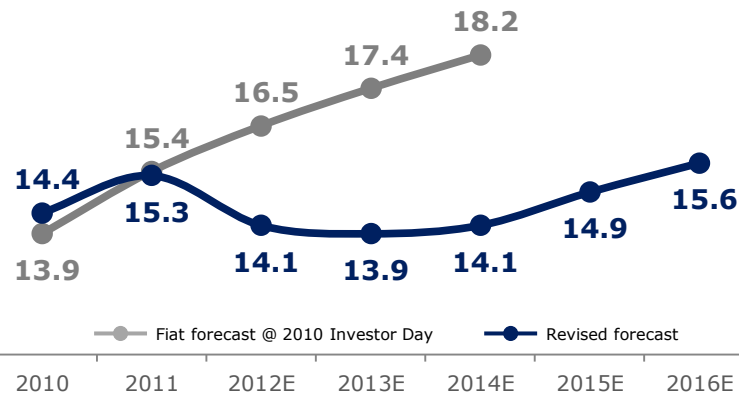
APAC*

(passenger cars & LCVs)



EU27+EFTA

(passenger cars & LCVs)



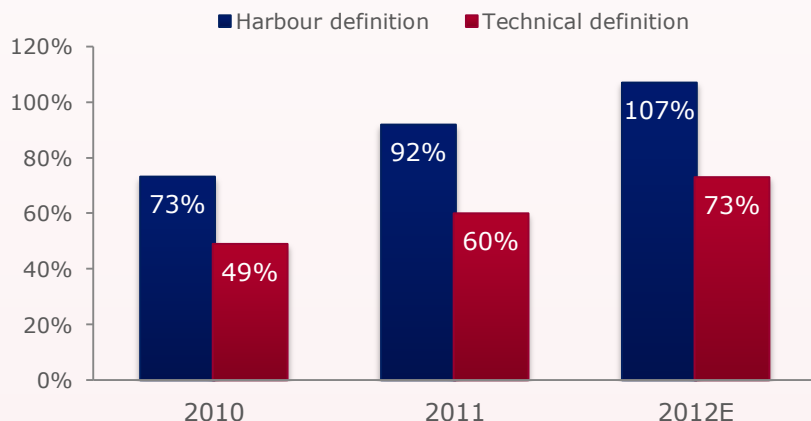
*Industry reflects aggregate key markets where Group is competing (i.e. China, India, Japan, Australia, South Korea)

Flexible work practices have allowed us to deliver on strong market demand in the Americas

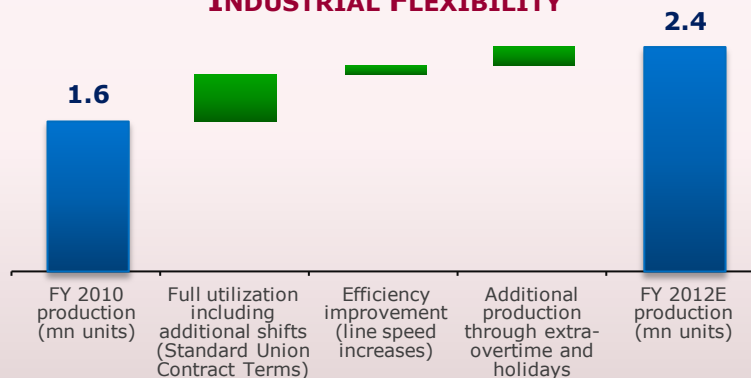


NAFTA

CAPACITY UTILIZATION



INDUSTRIAL FLEXIBILITY

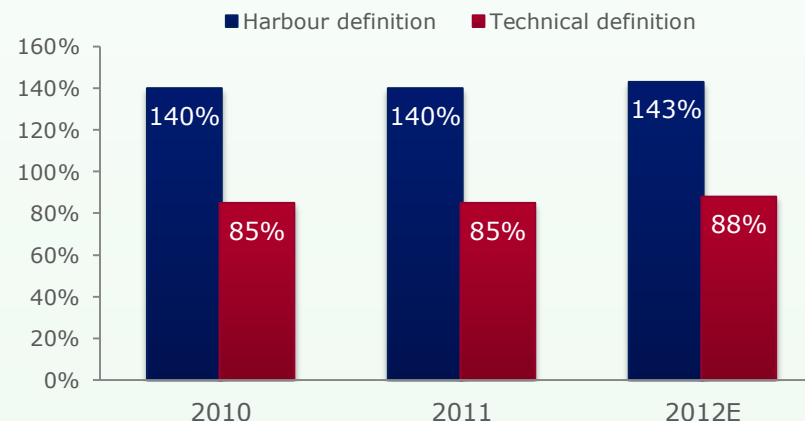


Harbour definition: 235 days p.a. / 16 hours per day

Technical definition: 280 days p.a./3 shifts per day for LATAM; 265 days p.a./3 shifts per day at all plants (ex Saltillo where applied 2 shifts at 285 days) for NAFTA

BRAZIL

CAPACITY UTILIZATION



- **Stable at ~90% utilization of technical capacity for many years**
- **Consistent utilization of all flexibility instruments (extra-overtime and holidays) to maximize output**

But Fiat Group isn't immune to the effects of the European "Carmageddon"...

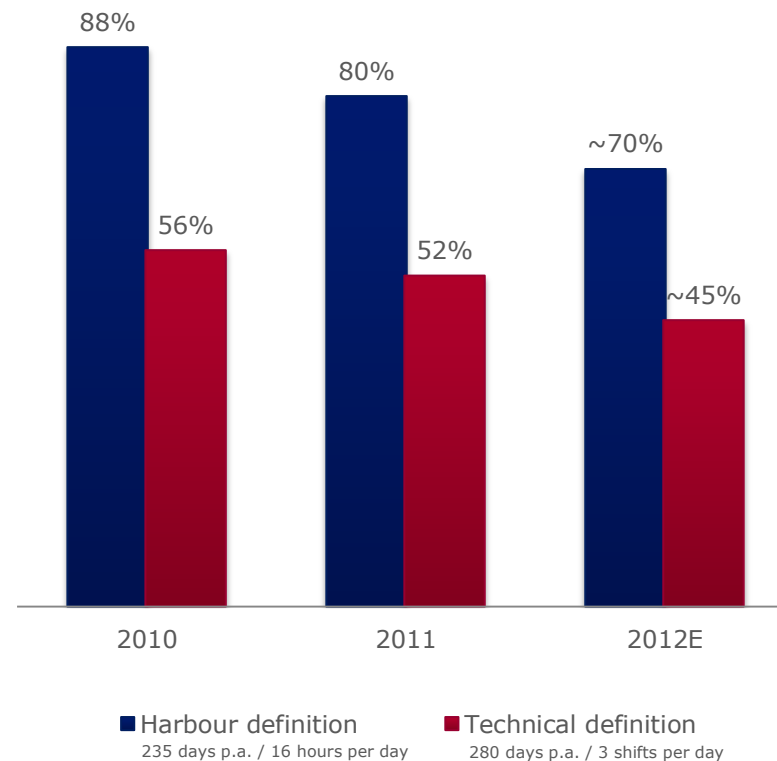


EXTERNAL MARKET FACTORS

- Slump in European market demand, with 2012 being the 5th consecutive year of decline
 - Expected 2012 volume of ~12.5mn passenger cars is the lowest level since 2007 and down 20+% from 16mn peak
 - Italian market at <1.4mn units and down 40+% from 2.5mn peak in 2007
 - European LCV volumes expected at ~1.6 million units and down 30+% from 2.4mn peak in 2007
- Pricing pressure, especially for mass market segments
- Further pressure from Korean and potential Japanese and Indian FTA's
- Market becoming bi-polar with profitability limited to premium
- Low-end brands increasingly relevant in mass market
- Lack of visibility for recovery to pre-crisis level
- Structural overcapacity of European manufacturers will delay any pricing recovery
- Industry heavily regulated and no moves to simplify

MARKET EXPECTED TO BE FLAT IN 2013 AND THEN GRADUAL RECOVERY TO ~15MN IN 2015/2016 (PASSENGER CARS & LCVs)

GROUP CAPACITY UTILIZATION IN EMEA (passenger cars & LCVs; including JVs; percent)



Our strengths and weaknesses in EMEA



- Mass-market brands with strong heritage, extensive dealer network
- A leading position in LCV market
- Fiat 500 continued leadership in up-market A-segment
- Fiat Panda & Fiat Freemont success shows effectiveness of focus on utility / price proposition
- Quality problems behind us & leadership in recent products out of all production locations (Pomigliano/Tychy/Serbia)
- European leadership in CO₂ emissions for 5 years in a row
- Ferrari & Maserati unique iconic & profitable assets, with Maserati launching 2 new products in H1 2013
- Conserved cash through 2008-2012



- Portfolio heavily skewed to A- & B-segment & geographically concentrated in Southern European markets
- Inability to leverage Fiat brand to move into C-segment and above
- Historical core segments have become commodity purchases with limited ability to return capital employed
- Lancia-Chrysler integration hindered by market condition and limited brand appeal outside Italy
- Dealer network effectiveness still not ideal
- Alfa Romeo brand opportunity limited by historic lack of industrial volume in C- & D-segment to leverage

Solving the EMEA quandary

1

REMAIN FOCUSED ON NON-PREMIUM MASS-MARKET AND RATIONALIZE CAPACITY BY CLOSING 1 OR MORE PLANTS

OR

2

LEVERAGE HISTORICAL PREMIUM BRAND HERITAGE (ALFA ROMEO & MASERATI), RE-ALIGN PRODUCT PORTFOLIO AND REPOSITION THE BUSINESS FOR THE FUTURE

We have chosen the second option because

- We have installed up-to-date available capacity in EMEA and have little capacity left elsewhere
- We have at least 3 brands that are capable of competing in the higher margin business
- Fiat-Chrysler has developed over the last 3 years the relevant architectures and baseline powertrains to enter the premium end of the business and
- Fiat-Chrysler has access to the NAFTA and APAC markets



BOTTOM LINE, WE NEED TO STOP CHASING OUR OWN TAIL IN EMEA

A rational decision

Why "Option 1" was rejected



- **Complete absence of any coordinated approach at European level to fix structural overcapacity of the industry**
- **In 2011 Fiat ceased production at Termini Imerese plant which had a significant competitive disadvantage due to geographic location and consequent high inbound and outbound logistics costs**
- **Further restructuring of Italian industrial footprint by closing 1 or more plants not economically attractive: payback period in excess of 6 years and need for capacity investments elsewhere**
 - Closure of a hypothetical plant of 5,000 employees has cash cost of ~€500mn for redundancies, and other closing costs of ~€100mn (contract penalties, plant shutdown costs, supplier park liabilities...). The annual cash fixed costs eliminated going forward are ~€100mn. Closure process would take 2 years from announcement
 - Beyond cash costs, also significant non-cash items (asset write-offs) to write-off what is a technically up-to-date and competitive manufacturing infrastructure
 - Therefore, since capacity is needed for international volume expansion of Jeep and development of Maserati, Alfa Romeo, there would be further cash out for investments to add manufacturing infrastructure in another jurisdiction
- **Additionally, other less quantifiable but nonetheless significant items were also considered**
 - Negative impacts in the Italian marketplace
 - Business discontinuity due to potential strike actions
 - Impact on supplier park, including Group's component plants
 - Social impact

MORE CAPITAL INTENSIVE...FOR NO REAL RESOLUTION

Our strategy going forward

1. Focus Fiat brand on 500 and Panda as pillar vehicles (brands within a brand) and derive all future products therefrom
2. Reduce/curtail Lancia exposure, preserving uniqueness of Ypsilon and rely on Chrysler's NAFTA development to feed European brand, if economically viable
3. Focus on Alfa Romeo and Maserati to access higher-end of bi-polar market
4. Fully flesh out Jeep brand by developing appropriate products for European and international markets
5. Continue to develop and maintain leading position in LCVs

OVERRIDING OBJECTIVES ARE:

- 1. TO UTILIZE EMEA PRODUCTION BASE TO DEVELOP OUR GLOBAL BRANDS (ALFA ROMEO, MASERATI, JEEP AND THE FIAT 500 "FAMILY")**
- 2. TO SHIFT A SIGNIFICANT PORTION OF PRODUCT PORTFOLIO TOWARDS HIGHER MARGIN OPPORTUNITIES**

Major new model launches in EMEA

(SoP within each year indicated)



	2012	2013	2014	2015	2016
			 NOT CURRENTLY IN PRODUCTION ANYWHERE		

VEHICLES PRODUCED IN EMEA

IN ITALY only for EMEA for EMEA and export

OUTSIDE ITALY only for EMEA for EMEA and export

MODEL REFRESH

IN ITALY for EMEA

OUTSIDE ITALY for EMEA and export

IMPORTED VEHICLES

New model

Refresh

The Maserati brand

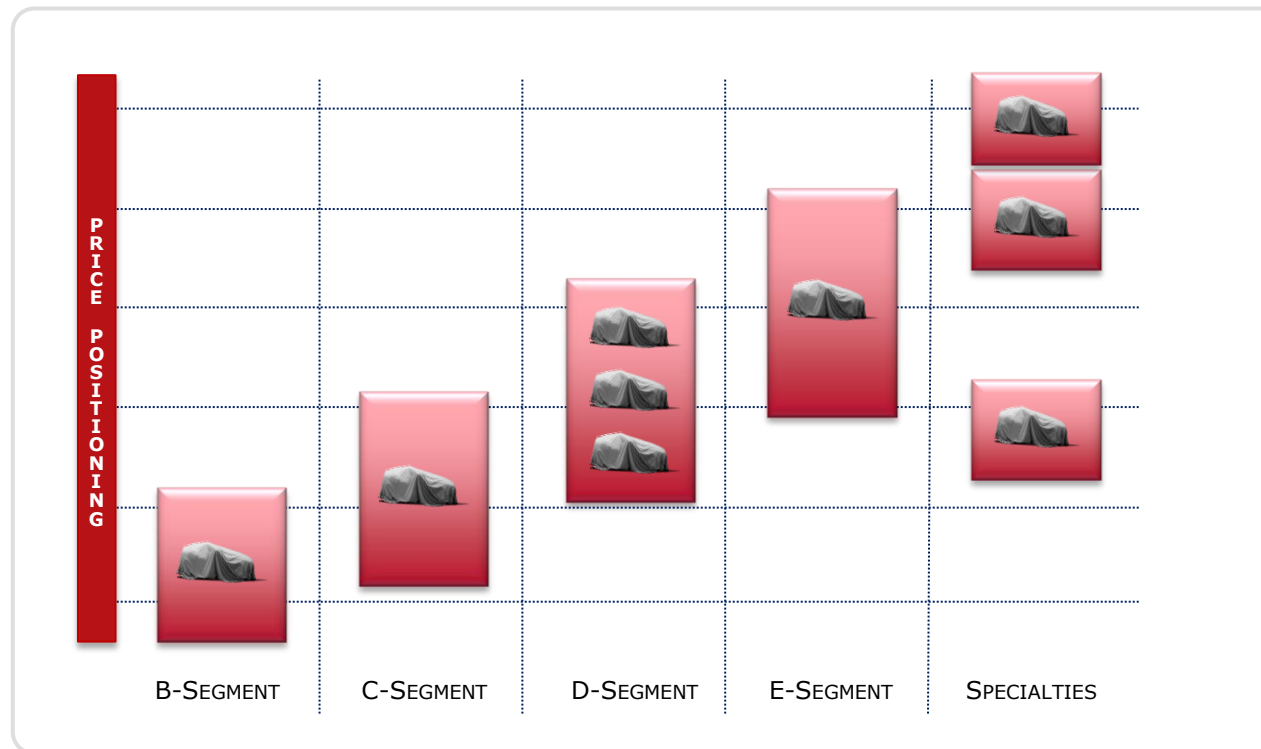
A journey to the top, technology at forefront



- **Now a truly global brand, with presence in all Regions. NAFTA is #1 market and APAC is growing**
- **Strong improvement in brand image and awareness in all regions (> 30% better than 2005 levels), driven by competitive product (style, performance, content) and quality (12 MIS warranty events down 75% versus 2005)**
- **Maserati targeting over 50k units a year by 2015**
 - Significant product rejuvenation and additions to cover 100% of luxury car market (from 20% currently)
- **Significant capital and cost synergies leveraging industrial solutions available in the Fiat-Chrysler portfolio**
 - Investments in excess of €1bn for 2012-14 period (nearly a third in 2012)

The Alfa Romeo brand

A global player, moving to the heart of the premium market



- Drive improvement in brand image and awareness, through focus on product excellence as per Maserati experience
- Build / strengthen distribution network leveraging Jeep global footprint and premium position
- Leverage capital and cost synergies using industrial solutions available in Group portfolio
- Invest ~€1.0bn Capex over 2012-14 plan period

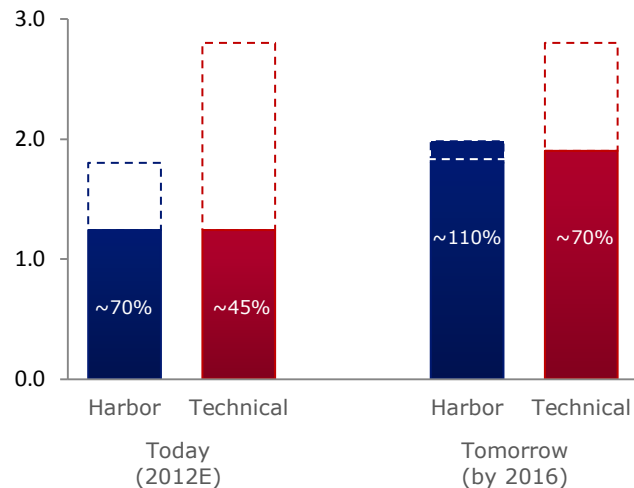
- Focus on Alfa's brand DNA of sedans and coupes offered with sportiness, performance and style
- Technical product solutions on par with competitor premium brands, offered at competitive price points
- Towards a truly global premium brand with significant sales in all regions
 - NAFTA and EMEA to become top markets initially, with APAC offering great opportunity for growth
- Targeting 300+k units a year by 2016

The pathway to break-even in EMEA

Mass-market brands



CAPACITY UTILIZATION
(passenger cars & LCVs; including JVs; millions of units)



Note

¹ Harbour definition: 235 days p.a. / 16 hours per day

² Technical definition: 280 days p.a. / 3 shifts per day

³ Includes contract manufacturing for Chrysler, Maserati, PSA, Ford, Opel/Vauxhall

- **Synergies on capital and cost**

- Utilize European manufacturing base for worldwide volume growth
- Products for competitive offerings in Europe complementary to those produced in NAFTA & LATAM (where production capacity is or will soon be saturated)

- **Architecture allocation**

- Italian footprint for higher value-added production
- Focus ex-Italy on smaller segments

- **Production output from EMEA plants to increase 50+% by mid-decade, driven in equal measure by volumes for export and EMEA market**

- Target to utilize up to 15% of capacity for export, especially for Jeep Small SUV (new segment for Jeep brand), Alfa Romeo and Maserati brands
- Volumes for EMEA region (~+25% on the back of gradual market recovery with the rest from new product intros) to drive market share back to 2009 levels

- **Working with Italian Government on actions to improve competitiveness for export**

- New Union agreement in place which addresses labor flexibility issue but need full adherence

- **Targeting ~2.0mn units produced in EMEA, compared to ~1.25mn in 2012, to drive break-even trading result**

Our new EMEA targets



- **2012 confirmed trading loss of ~€700mn**
- **2013 European market expected to be flat and EMEA loss expected at similar or slightly lower level**
- **Actions on product plan and commitment of capital to Italian manufacturing sites**
 - are dependent on respect and compliance with new labor agreements;
 - will require 24-36 months for implementation and
 - will allow Fiat-Chrysler in EMEA to recover some market share in a more rational market and to act as export base for sales by other regions
- **Break-even achievable in 2015-16**

2012-14 Group financial targets (IFRS)



	2012E	2013E	2014E
Volumes (units/mn)	~4.2	4.3-4.5	4.6-4.8
Revenues (€bn)	~83	88-92	94-98
Trading Profit (€bn)	>3.8	4.0-4.5	4.7-5.2
Trading Margin	~4.6%	4.6%-4.9%	5.0%-5.3%
EBITDA (€bn)	~8.0	9.0-9.5	10.3-10.8
EBITDA %	~9.6%	~10.3%	~11.0%
Capex (€bn)	~7.5	7.5-8.5	8.5-9.5
Capex/D&A ratio	~1.9	1.6-1.8	1.6-1.8

Key considerations of plan implications on the balance sheet



- **Capex increases versus 2012 leveraging convergence on common architectures and powertrain solutions**
 - Development of Maserati, Alfa Romeo and Jeep as global brands
 - Product range extension and increased capacity in LATAM through Pernambuco project
 - Upgraded product and powertrain plan for Chrysler, also due to US market growth
- **Assumptions underlying the plan based on prudent Capex projections**
 - Opportunities for synergies in capital allocation, savings in tooling procurement and optimization of investments not fully reflected
- **Brands and market opportunities drive Capex allocation between Fiat and Chrysler**
- **Strong liquidity positions for both Fiat and Chrysler will be maintained**
 - Group liquidity over 20% of revenues with Fiat ex-Chrysler over 30%, the highest percentage among European OEM's
- **Any purchase of VEBA's interest in Chrysler (beyond periodic exercise of call options) will be financed in a manner to preserve Fiat's existing liquidity position**
- **Different options for financial support from Chrysler available under current contractual terms**
 - Permitted restricted payments (including dividend payments) through application of contractual "baskets"
 - Loans/advances between Chrysler and Fiat (subject to certain governance processes and contractual restrictions)

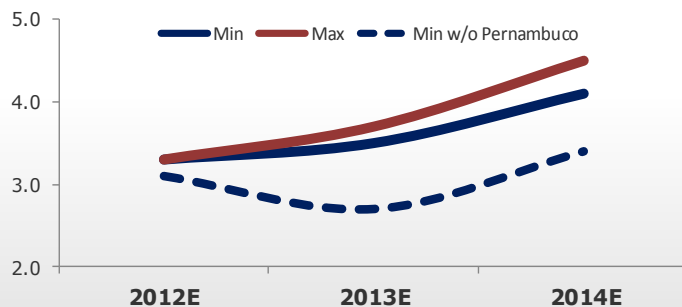
Capex Plan

Focus on Fiat ex-Chrysler



- **Chrysler represents over 50% of Group Capex through plan period (more than covered by growing EBITDA)**
- **Fiat ex Chrysler Capex increase over 2012 run-rate is driven mainly by Pernambuco project**
 - Excluding Pernambuco, no significant change in Fiat spending rate
 - For plant currently under construction in Pernambuco (Brazil), Fiat will receive financing for up to 85% of the total €2.3bn invested (~€1.5bn in 2012-14 period). In addition, once production begins project will also benefit from tax incentives for a minimum period of 5 years

CAPEX BANDWIDTH OVER PLAN PERIOD FOR FIAT EX-CHRYSLER (€BN)



• **Drivers for Capex allocation within the Group**

- Who owns and manages production site
- Who manages commercial distribution and brand
- Chrysler investment in Fiat plants to be economically advantageous compared to its available alternatives

Cash-flow and Working Capital

Focus on Fiat ex-Chrysler

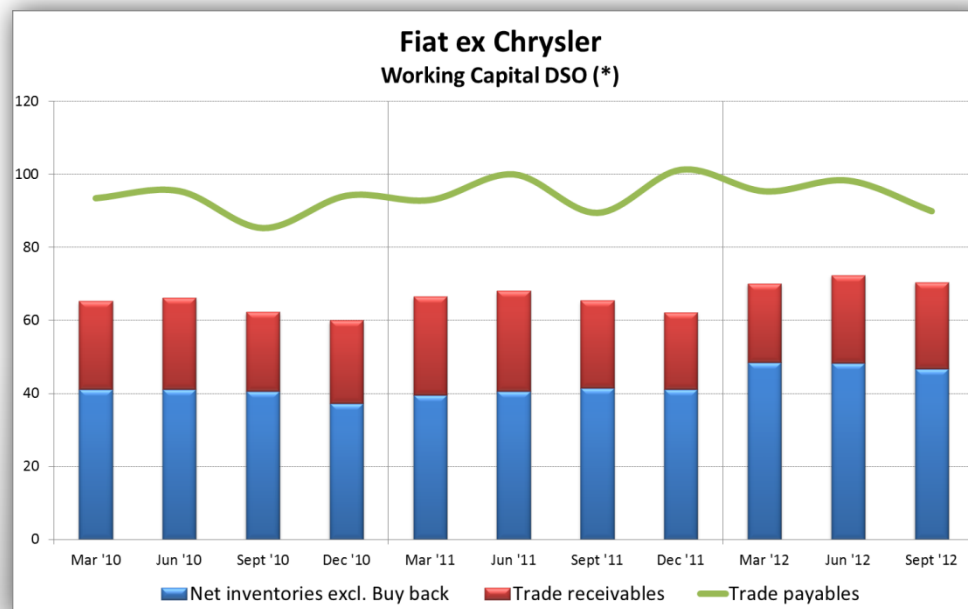


TARGETING BREAK-EVEN OPERATING CASH-FLOW IN 2013 AND 2014, BEFORE FINANCIAL CHARGES AND TAXES

- **Fiat ex Chrysler EBITDA 2013-2014 to cover Capex excl. Pernambuco**
 - Increase in EBITDA mainly driven by Luxury Cars, Components with positive contributions also from Europe and Brazil
- **Working capital positive in 2013-14 due to some recovery in Europe and volume growth in Brazil and Maserati**

WORKING CAPITAL TREND STABLE

- Trade payables DSO for Fiat ex Chrysler substantially stable over last 2 years
- Payable days in line with common trade terms in Italy, particularly for large industrial companies



* Days supply outstanding calculated as period-end outstanding on LTM net sales

Debt maturities profile / DCM access

Fiat ex-Chrysler



€bn

Outstanding Sept 30, '12		Fiat ex Chrysler	3M 2012	2013	2014	2015	2016	Beyond
5.0	Bank Debt		1.1	1.6	0.7	0.8	0.2	0.4
9.4	Capital Market		0.3	1.1	2.2	1.9	1.6	2.5
1.3	Other Debt		0.8	0.1	0.1	0.0	0.0	0.3
15.7	Total Cash Maturities		2.2	2.8	2.9	2.7	1.9	3.1
7.8	Cash & Mktable Securities							
2.0	Undrawn committed credit lines							
9.8	Total Available Liquidity							

Fiat ex Chrysler

- Bank debt
 - Committed lines maturing in 2012 fully refinanced, most in advance and with some additions
 - More than 2/3 of remaining bank maturities through 2014 related to project loans with supra-national/development banks (mainly LATAM) and to operating needs in other non-EU countries: opportunities for renewals with new Capex plan
- Capital market
 - New bond issuances totaling €2.5bn in 2012, covering redemptions through end of 2013
 - Prudent pre-funding on an opportunistic and diversified basis to continue
 - Despite current rating Fiat continues to issue debt successfully with investment-grade documentation
- Other debt
 - Mostly related to self-liquidating and automatically rolled-over positions related to dealer floor plan financing in Brazil

Chrysler: no major maturities due prior to 2017

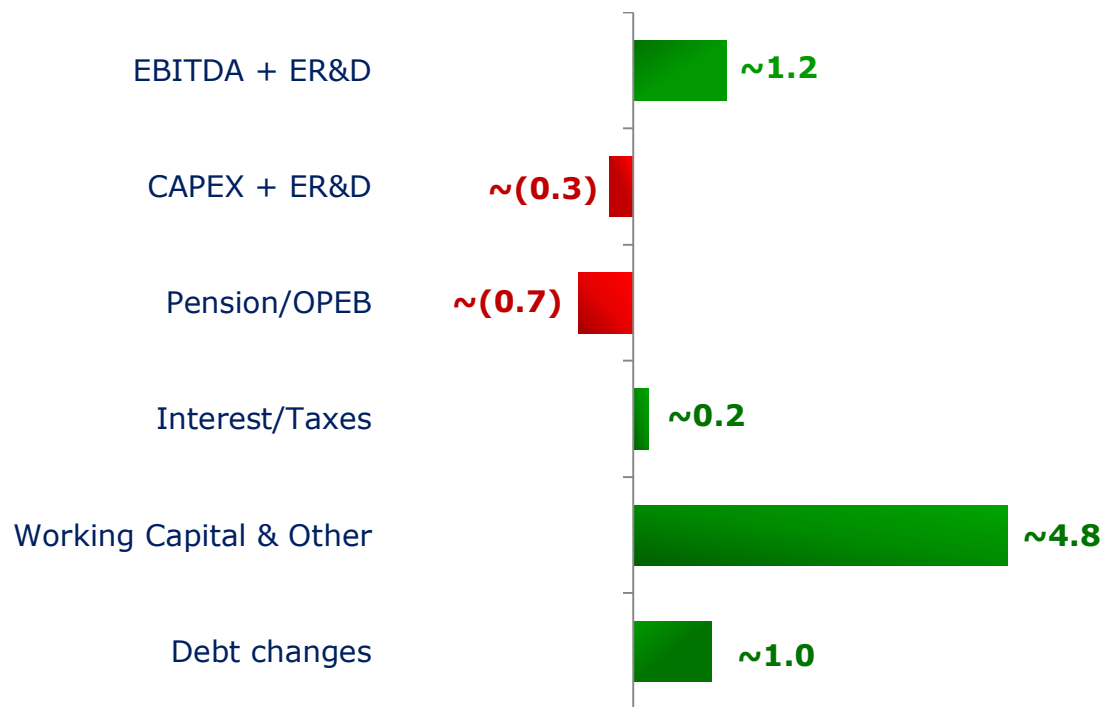
Chrysler deleveraging ahead of plan

(U.S. GAAP, US\$bn)



NET DEBT IMPROVEMENT TO-DATE IS \$6.2BN BETTER THAN Nov. 2009 PLAN PROJECTIONS

(CHANGE IN CASH-FLOW VERSUS PLAN THROUGH SEPT 2012)



Note – FY 2012 Plan reduced on a straight line basis to reflect 9 months 2012

- Accelerated deleveraging process driven by strong contribution from business and in particular working capital improvement vs. plan
- EBITDA of \$12+bn generated
- Capex + ER&D from Jan 2010 through Sep 2012 above \$13bn mark, with Capex of \$8.4bn
- In 2013-14 EBITDA generation to more than cover Capex requirements

Some conclusions



- **EMEA will continue to provide significant challenges for everyone for some years to come**
- **Fiat-Chrysler decision to shift product portfolio is the preferred choice because**
 - It is the best economic alternative
 - Group has all necessary elements to execute (brands, architectures, powertrains, installed capacity and experienced workforce)
- **Fiat and Chrysler are already operated as an integrated business, with controls in place to protect minority and respect credit agreements**
- **Fiat and Chrysler can manage financial requirements for implementation**

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