



**FCA**

**CAPITAL MARKETS DAY**  
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## **US Finco Opportunity**

**RICHARD PALMER**  
CHIEF FINANCIAL OFFICER

# 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 cyclicity; 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.

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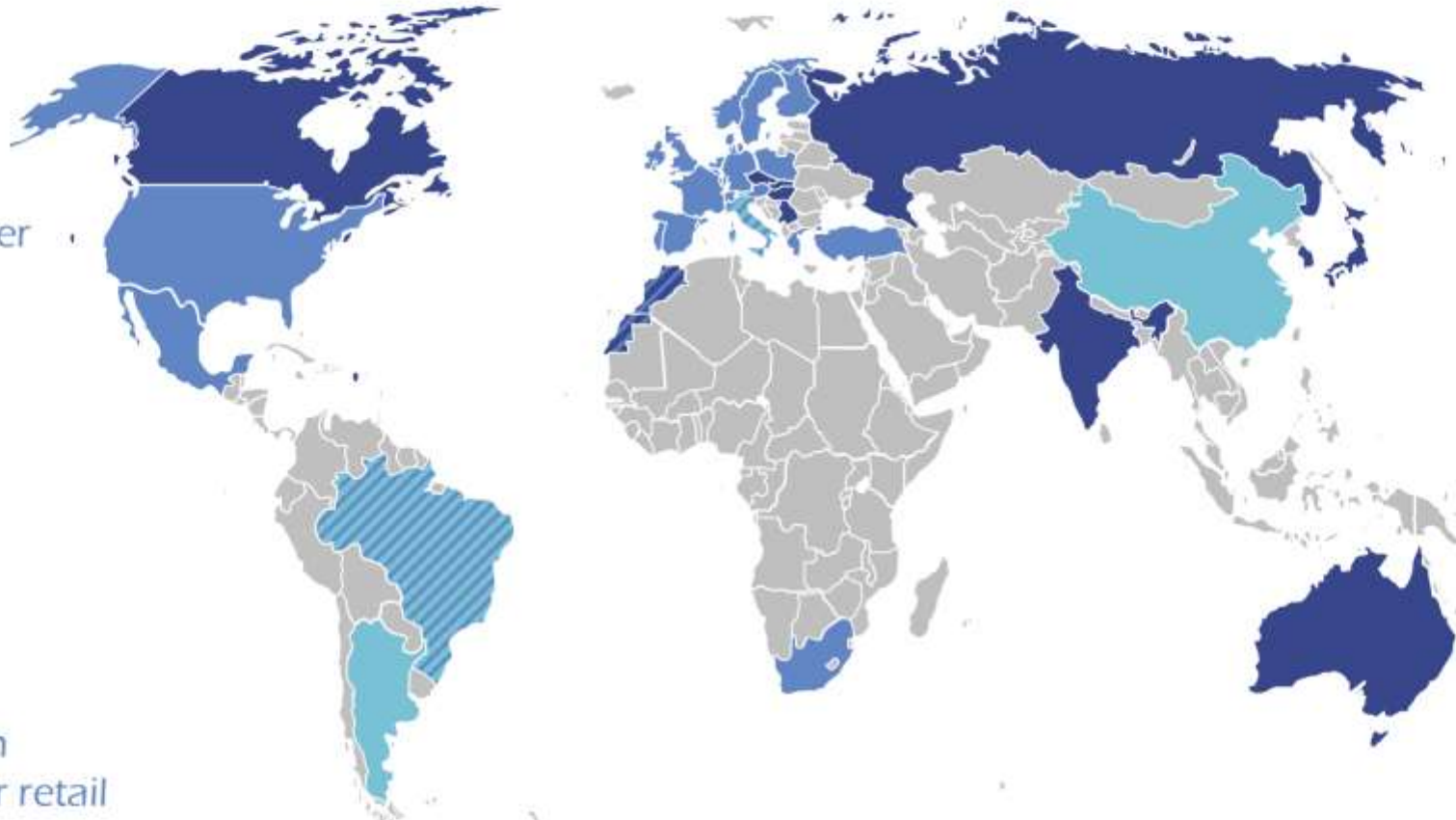
# Existing Financial Services Landscape

## NAFTA

- USA & Mexico:  
White labels with  
Santander Consumer  
& Banco Inbursa
- Canada: Bank  
Agreements

## LATAM

- Brasil
- White labels with  
Itau/Bradesco for retail
- Owned captive for dealer  
financing
- Argentina: owned captive



## EMEA

- EU28: Joint venture  
with Credit Agricole.  
Turkey: covered by  
JV captive  
S.Africa: White label  
with WesBank
- Other markets:  
White label &  
Bank agreements

## APAC

- China: Owned  
captive
- Other markets:  
White label & Bank  
agreements

**Partnership model  
successfully implemented**

# US Finco Opportunity



FCA is the only **major OEM** operating in the **US** without a captive Finco

All Fincos are significant profit contributors.

Owning a captive US Finco is a **white space opportunity** for FCA, and should be **accretive to our business**

Given our strong financial performance and improving credit profile, we believe the time is right to pursue a captive Finco strategy in the US

Fincos offer many **strategic and financial benefits**

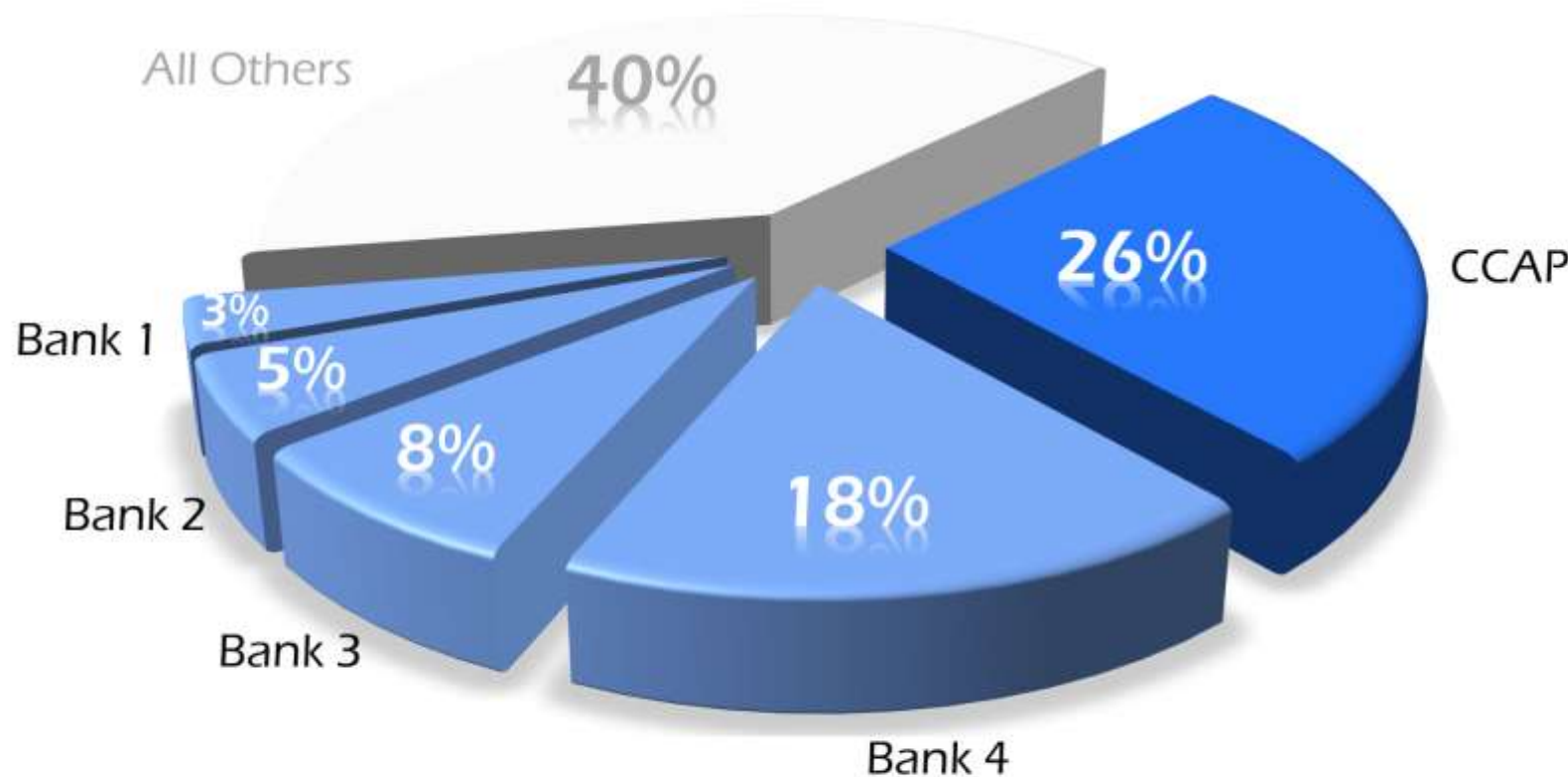
A captive Finco can also be an important **enabler for participation in emerging TaaS (Transportation as a Service) business**

**FCA intends to establish a US captive Finco either through a transaction or through a greenfield start-up**

FCA has a contractual option to acquire the equity in the Chrysler Capital (CCAP) business from our partner SCUSA (in whole or in part)

# Current FCA Vehicle Financing Landscape in US

## FCA US Retail Financing



FCA retail sales are financed by a variety of banks – CCAP achieved 26% share of financed deals in 2017

Other US captive Fincos achieve ~**50-75% share**

**Opportunity to increase market share and sales support through the cycle**



# Finco Contribution to Earnings of OEM in US

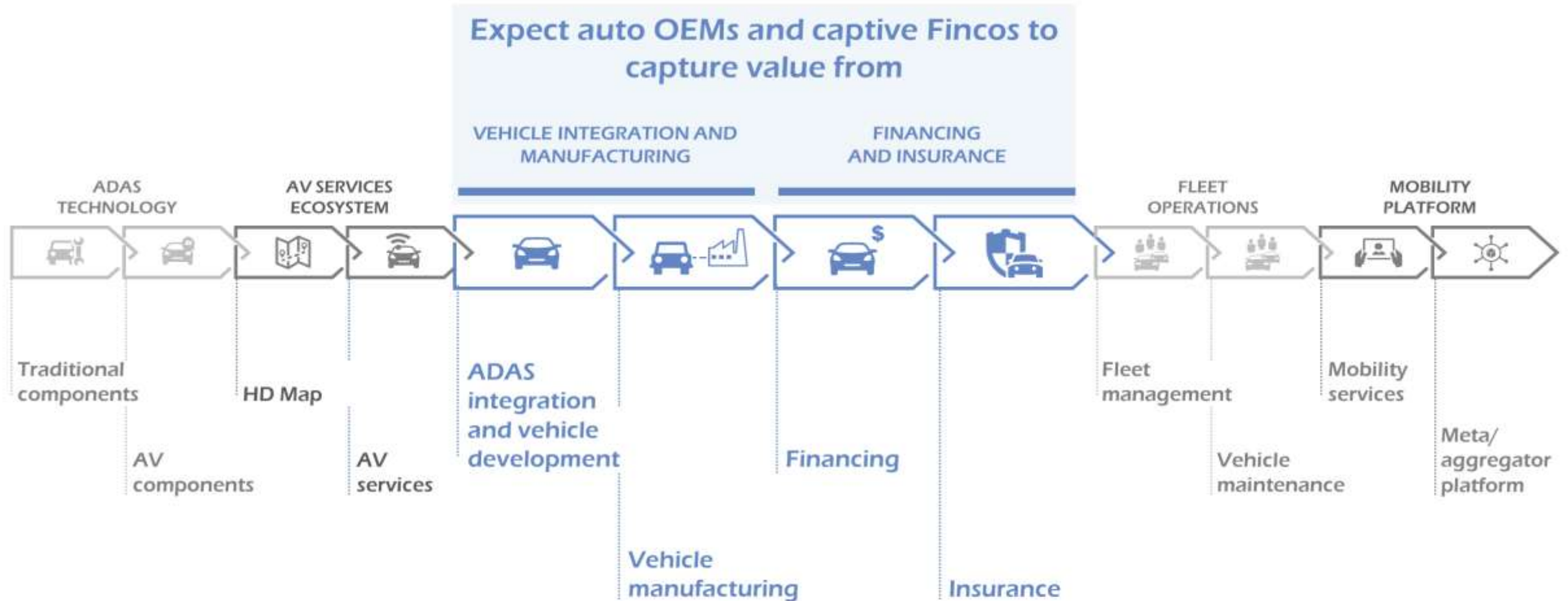
	OEM 1	OEM 2	FCA Pro-forma		
			Year 4		Steady State
			Greenfield	Acquisition	
NAFTA Asset Portfolio EoP	\$88B	\$125B	~\$10B	~\$50B	~\$75 – 100B
Pre-tax Earnings	\$0.9B	\$1.8B	~\$100M	~\$500 – 800M	~\$1.0 – 1.3B
Total Equity	\$9B	\$12B	~\$1B	~\$5B	~\$7.5B

**Builds incremental earnings of 10 – 25% of AutoCo base**

Source: company filings, FCA projections

Note: Total equity for OEM 1 and OEM 2 is pro-rata for North America based on percentage of assets in North America. Total equity for all regions for OEM 1 is \$10.3bn and % assumed is 90%; total equity for all regions for OEM 2 is \$15.9bn and % assumed is 78%

# TaaS Value Chain Grouped in 6 Business Models



Facilitates participation in new business areas

# Conclusion



FCA intends to  
**establish a  
US captive finance  
company**



This could be  
through a  
transaction or  
through a  
**greenfield start-up**



**FCA will have  
adequate capital** to  
fund the equity  
needed, and the  
**credit rating** to  
make the Finco  
funding competitive



The **earnings** from  
the eventual Finco  
are **not included** in  
the **2018–2022  
business plan target**,  
and represent a  
further opportunity