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# Letter to Shareholders

Dear shareholders,



EXOR's Net Asset Value, or NAV, decreased by 24.4% in 2011, underperforming the MSCI World Index deno

## EXOR'S NET ASSET VALUE (NAV)

Financial Statements  
Investment Value

Financial Liabilities

Financial Assets

Financial Positions

NAV value costs capitalized over 10 years

Despite our negative 2011 NAV performance we strongly believe that the quality of the companies we own and

## EXOR'S NAV PERFORMANCE vs. THE MSCI WORLD INDEX

Annual percentage change

Year on Year (YoY) Euro

2009-2011  
Compounded annual rate

Note: data in 2009 starts from March 1st, the date before Exor's listing on the Milan stock exchange

Economic environment

I think it's appropriate to give a brief overview of the challenging 2011 macroeconomic environment, especially

Jean Monnet said that "Europe will be forged in crises, and will be the sum of the solutions adopted for those c

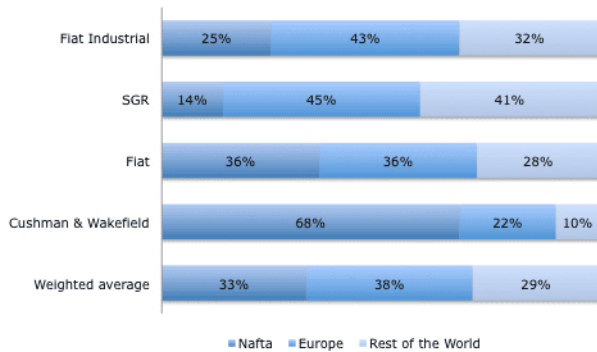
Outside Europe the economic outlook in 2011 was mixed. News from the United States was mostly positive wit

## TWO COMMENTS ABOUT THE PERFORMANCE OF NAV

Before moving on to our investments, I would like to address two important misperceptions, and in so doing to p

First, given our historical roots, it's easy to understand why some may perceive EXOR to be a predominantly E

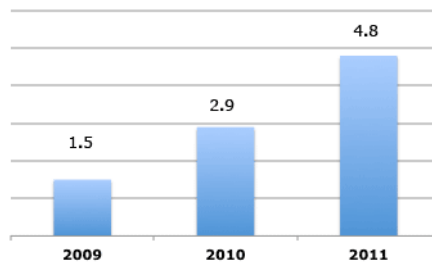
## EXOR'S LARGEST INVESTMENTS REVENUES



There is still a noticeable mismatch in perceptions of where our shares happen to be listed and where our busin

Second, mainly as a result of our sizeable investment in FIAT-Chrysler (and FIAT Industrial, from this year), we

## EXOR'S LARGEST INVESTMENTS ADJUSTED EBIT EVOLUTION



## INVESTMENTS

In this year's letter I would like to describe in greater detail EXOR's four largest investments and their performance.

### FIAT INDUSTRIAL

(30.45% ownership interest; 34.9% of EXOR's Investment Value)

On January 1, 2011, FIAT Industrial began its life as the third largest business in the global capital goods industry.

FIAT Industrial celebrated its first anniversary at year end with a strong set of results: on revenues of €24.3 billion. 2011 was a year of intense activity:

CNH announced €400 million in investments in three major plants in Argentina, China and Brazil, where

- IVECO launched the New Daily in Turin, the eighth generation of the Light Commercial Vehicles that justify the name.
- FPT Industrial consolidated its leadership with several major developments in the Engine and Transmission divisions.
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The company has strength and depth in management, with competent CEOs heading each of the three businesses.

FIAT Industrial was included in the Dow Jones Sustainability Index (for both the World and Europe) in its first year.

During 2011 FIAT Industrial's Board of Directors proposed to shareholders the conversion of the Company's parent company into a public company.

(15% ownership interest; 21.9% of EXOR's Investment Value)

SGS is the world leader in verification, testing, control and certification. Since its founding in 1878, the company has grown into a global leader.

SGS is a wonderful business, with more than 70,000 employees around the globe lead by Chris Kirk and the O'Connell family.

Despite a very challenging global trading environment during 2011, SGS delivered an increase in revenue on a constant currency basis.

Acquisitions continued to be an essential part of SGS's growth plan, enabling the company to leverage its global presence.

Adjusted EBIT increased by 10.7% in 2011 on a constant currency basis to CHF 815 million. Thanks to its strong performance, FIAT Industrial is a key asset for EXOR.

(30.47% ownership interest; 18.9% of EXOR's Investment Value)

2011 changed FIAT SpA forever. The spinoff of the capital goods businesses into FIAT Industrial, combined with the spinoff of the financial services businesses into FIAT Capital Services, created a new FIAT SpA focused on the core automotive business.

As Benjamin Disraeli said: "The secret of success is consistency of purpose." And if you add great leadership, you can achieve great things.

2011 was a year of many achievements. Revenues climbed to €60 billion, adjusted EBIT reached roughly €2.4 billion. These results are testament to the benefits of FIAT-Chrysler operating as "one firm", something that can also be achieved by other companies.

Important labor agreements were reached in Italy during the year, with a new contract allowing for greater flexibility.

Environment and safety continued to be priorities in 2011, with FIAT confirming its position as eco-leader for the industry. We are convinced that the FIAT-Chrysler journey has just begun and we will continue to harvest its fruits in the years ahead.

As with FIAT Industrial, during 2011 the FIAT Board of Directors proposed a further simplification to shareholders. Cushman & Wakefield (69.5% ownership interest; 7.8% of EXOR's Investment Value)

A global leader in commercial real estate services in which EXOR has a 78.3% economic interest, Cushman & Wakefield

2011 represented C&W's first full year under CEO Glenn Rufrano. Glenn got off to a good start, meeting his targets and exceeding expectations.

The Company experienced significant revenue growth in all geographic regions and improved its year-on-year operating margins.

C&W's strong performance in 2011 was due, in part, to the successful execution of a number of high profile transactions.

C&W also executed some of the world's most important office leases, including the largest lease in the U.S. for a major financial institution.

These accomplishments are illustrative of the great work being done by the leadership team and Cushman and Wakefield employees.

The balance of our investments (approximately 16% of Investment Value) had a mixed year, with a return in aggregate of 12.5%.

The good news came from Banca Leonardo, which performed well in its investment banking and private banking activities.

Gerardo Braggiotti has proven to be a good steward of our capital, as the bank continued distributing its excess cash to shareholders.

There was, however, less good news from Sequana where weak paper demand, pricing pressure in the market and a loss of market share.

As I signaled last year, we want to reduce the number of small investments in order to concentrate on a few large, high quality investments.

A minority stake in a good business at attractive valuations with which we would be proud to be associated.  
A business venture that starts small but has the potential to grow to be a larger company. Almacantar, a leading provider of cloud-based software solutions for the retail and consumer goods industries.

## NEW INVESTMENTS

In 2011 we invested some €368 million in what we know really well.

First of all, we invested in EXOR shares through a buyback program. We strongly believe in the fundamentals of the company and its long-term growth potential.

We also decided to increase our interests in FIAT Industrial and FIAT-Chrysler. We are confident in their long-term growth potential.

Finally we allocated more capital to Almacantar, which is developing well under Mike Hussey's leadership. The company is a leading provider of cloud-based software solutions for the retail and consumer goods industries.

## NET FINANCIAL POSITION

The Company's net financial position as of December 31, 2011 was negative by €326 million. Gross debt decreased by €100 million.

The change in our net financial position in 2011 was entirely attributable to the allocation of capital to new investments.

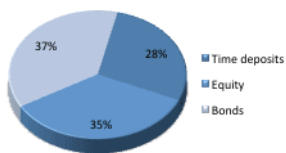
During 2011 the company repaid a €200 million bond and was able to issue through a private placement a ¥100 million bond.

We decided in 2011 to diversify our financial assets by increasing exposure to US corporate bonds and to commercial real estate.

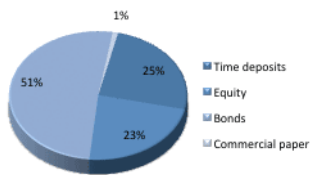
Our exposure to equities, consisting of a concentrated portfolio of selected "large-cap" companies which we sell to our shareholders.

Due to the fact that we decided to maintain a strong liquidity profile (consisting of time deposits, commercial paper and short-term debt).

Financial Assets as of December 31<sup>th</sup>, 2010



Financial Assets as of December 31<sup>th</sup>, 2011



In November 2011, S&P confirmed EXOR's long term and short term debt ratings (respectively 'BBB+' and 'A-').

2012

The new year began with a renewal of positive sentiment regarding the future, and many of the worries with which we

This scenario exceeded my own expectations as 2011 closed. While such a positive development is welcome, it is

Nevertheless, what we can say confidently about 2012 is that it will be a year of continuous simplification for our

I look forward to discussing the 2011 results and other matters regarding the Company's business at our Shareholders' Meeting.

It has made Juventus, of which we own 64%, the only team in Italy to have such a 'real asset' on its balance sheet.

We will continue with the arrangement we began last year that has proven popular with shareholders by making

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