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Letter to Shareholders

Dear Shareholders,



The EXOR investment strategy has been simple. We ended the year with a single company ? EXOR NV ? sitting between our investments and you, our shareholders. EXOR NV, our new company, is a lean organization comprising twenty talented individuals ready for new challenges. Our Netherlands domicile not only brings us closer to our companies, which are mainly incorporated there, but also allows us to use NAV per share, rather than just NAV growth to measure performance. And finally, we have decided not to include capitalized ordinary holding costs in the measure. This means we now measure EXOR's Net Asset Value per share in Dollars, or NAV per share, grew by 9.6% in 2016, outperforming by 4.3% the MSCI World Index. The following table traces our performance in the eight years since the creation of EXOR as we know it today, as measured by NAV per share.

EXOR NAV PER SHARE PERFORMANCE vs. THE MSCI WORLD INDEX (in US Dollars)

Year	EXOR NAV per share (US\$)	MSCI World Index (US\$)
2009	3.6	3.1
2010	3.6	3.1
2011	3.6	3.1
2012	3.6	3.1
2013	3.6	3.1
2014	3.6	3.1
2015	3.6	3.1
2016	3.6	3.1

Note: Data in 2009 starts from March 1st, the date before EXOR's listing on Borsa Italiana. Starting Jan 1, 2016

GROSS ASSET VALUE

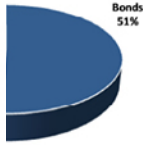
Let me now describe in more detail the four components of our Gross Asset Value (GAV), as summarized in the following table.

Component	Percentage of GAV
Investments	95.7%
Cash equivalents	3.6%
Real estate	0.7%
Other	0%

INVESTMENTS (95.7% of GAV)

The major change of the year has been the completion of our acquisition of PartnerRe on March 18. I would like to thank the management and shareholders of PartnerRe for their cooperation. We are very lucky to have been able to appoint Emmanuel Clarke as CEO of PartnerRe. Emmanuel has risen to the challenge and has wasted no time in initiating change within PartnerRe, which, while preserving its deep technical expertise, has restructured its business. Within PartnerRe's business, Emmanuel has put in place a leadership team that brings together experienced executives and new talent. One of these new comers is Mario Bonaccorso. Mario, who worked closely with me at EXOR over the past decade, has reduced the number of strategies in the fixed-income portfolios from ten to four: government bonds, real estate, infrastructure and private equity. The second-largest part of PartnerRe's investment portfolio (representing 8% of the total and worth ~\$1.3 billion) is real estate. Consistent with our will of avoiding investments we don't know well or understand fully, we have de-risked this portfolio. In addition, at the end of 2016, the company also halved its ?Principal Finance? mandate (~\$885 million, yielding 6.5%). Finally, in 2016 PartnerRe started to allocate capital to Real Estate, a new, long-term component of its investment strategy. Real estate returns have generally been compelling over time, comparable with equity (although our ?Real estate entails lower capital charges than public or private equity (30% vs. 40-55% for public equity). Real estate with its hybrid features, partially bond-like (rental income) and partially equity-like (capital appreciation).

The company started its real estate investments by acquiring from EXOR ~ \$0.5 billion (currently, 3% of EXOR NAV). In addition, during the second half of 2016, PartnerRe invested in a new development project in Long Island City, New York. These changes in portfolio strategy have led to a simpler investment organization. In 2015, the company recorded a net loss of \$150 million. As a result of these changes, PartnerRe starts 2017 with a stable and lean investment organization and a high quality portfolio. Five events generated 36% of these losses. This clustering means that a reinsurer's exposure to certain risks is concentrated. Despite this increase in natural catastrophe losses, the oversupply of capital in the industry has meant that we have shrank its business (the amount of reinsurance business it writes) in 2016: net premiums were \$4.9 billion. PartnerRe was also involved in some important transactions in 2016 which have strengthened its ability to grow. First, PartnerRe took advantage of the exceptionally favorable environment for raising debt by issuing €750 million of debt. Second, PartnerRe has moved from being considered an acquisition target itself to becoming a partner capable of acquiring other companies. In terms of profitability, PartnerRe reported Net Income, net of non-recurring expenses, of \$517 million for 2016. So, a lot happened at PartnerRe in 2016 and, importantly, the company also generated more than \$550 million of cash. The largest contributions to our NAV per share growth in 2016 came from CNHI, FCA and Ferrari, the three strategic investments. The final step in focusing FCA on its automobile-related businesses will be the distribution of its media interests. My family has long had an interest in the newspaper industry. La Stampa, Italy's third daily newspaper with a circulation of 1.5 million copies, is one of the most important media assets in our portfolio. The creation of FCA's second media interest, RCS, involved several steps. In 1973, during a very troubled political period, the two major sources of revenues for newspapers ? advertisements and paid circulation/subscriptions ? have declined. Globally the picture is a little better but the trends are similar, with print advertising declining from \$146 billion to \$100 billion in 2016. The two charts below provide a good summary of how the US advertising market, which is the largest, has shifted.



mpa has been cutting costs and has participated in the con
o combine ITEDI with GELE (Gruppo Editoriale L'Espresso)

very happy that, with the De Benedetti family (with whom
million profitability among the highest in the sector, and will be debt-free

Like La Stampa, RCS also moved on to a new phase of ownership in 2016: it is now owned and led by a very o
I would like to close this section on publishing with what I believe is some rational optimism. The market for info
I also believe that advertisers, especially large consumer goods businesses, will want to have more control ove
So, if you provide valuable information in a professional way, you have a future and indeed a prosperous one in
A bright future is precisely what Juventus is building, year after year. It ended last season with increased reven
We have had five incredible seasons played out at the J-Stadium, "our home" - as the club's Chairman, my cou
We made one new investment in 2016, which was in Welltec, where we acquired 14% of their equity for ~€100
Welltec is a Danish company that was founded by Jørgen Hallundbæk, to commercialize his revolutionary inven
In addition to its robots, Welltec has also developed a range of sophisticated valves and annular barriers target
Welltec is currently present in more than 25 countries and holds over 120 patents.
In 2016 Welltec, along with the entire industry, was affected by the unprecedented and sharp downturn driven b
We were fortunate to be invited to invest in Welltec by Ruthi Wertheimer whose family sold ISCAR/IMC Group (r
We believe there is an interesting market opportunity for EXOR to establish these types of ?partnerships? with
The EXOR Group appears to be a company that really has a vision of the world, heading enterprises and Bezos who people

Source: AON Benfield's ?2016 Annual Global Climate and Catastrophe Report?

FINANCIAL INVESTMENTS (2.1% of GAV)

This activity will now be carried out by PartnerRe as part of its investment business, so we have divested subst

CASH AND CASH EQUIVALENTS (1.2% of GAV)

We used all our cash in 2016 (keeping just some cash equivalents) to acquire the remaining 90.1% of PartnerR

TREASURY STOCK (1% of GAV)

As approved at our shareholder meeting last year, treasury shares were cancelled. We will always do this exce

GROSS DEBT

In 2016 we focused on reducing our Gross Debt, both through asset disposals and dividends received. Our dis

Last year saw the launch of our first eurodollar transaction in the form of a 10-year private placement, represen

The average cost of our debt in 2016 was 1.52% in USD and 3.16% in Euros (excluding the 5.375% bond due

2017
As we enter 2017, the level of uncertainty in the world has clearly increased. However, one lesson that I learned
To us, the heirs of this unique entrepreneurial and family history, falls the responsibility of continuing what Gio
Above all we must always look to the future, foresee the future of new inventions, be unafraid of ?the new?, del
On the occasion of the 150th anniversary of the Founder's birthday in 2016, we decided to transform his house

The new offices of the Agnelli Foundation in Turin (Italy)

We would love to show you this transformation, so we have decided that the renewed building will host EXOR?

Periodi correlati:
FY 2015



