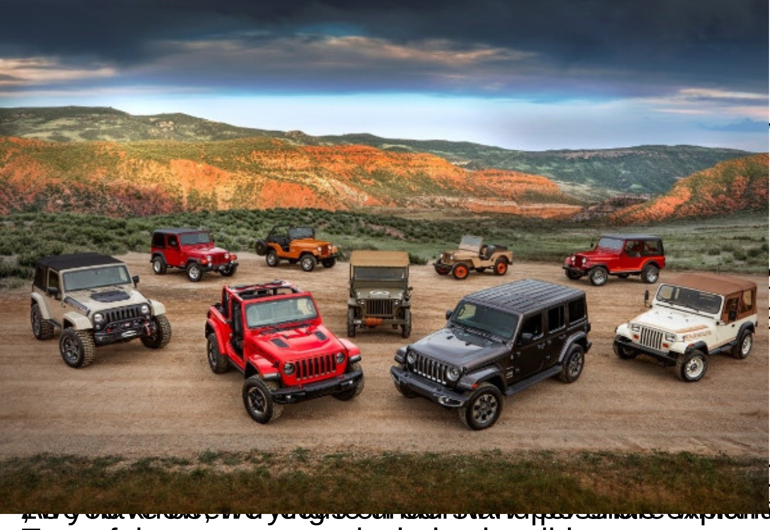


2009, the year EXOR was established. EXOR?s Net Asset
E MSCI WORLD INDEX (in US$)

CA which almost doubled its market capitalization in 2017 f

Two of these seem particularly plausible:

- Holding companies are perceived to give disproportionate advantages to their controlling shareholders
- Buying shares in holding companies is seen as less attractive than buying shares in the listed busines

However, in contrast to these arguments, what the data tells us is that our peers have been a good investment.
In a period characterized by the over-performance of passive indexes, it is interesting to note that these strong
Many of the holding companies that we have studied are family-controlled. This is of course of particular interes
Past performance is of course not a good indicator of future results and we are very conscious of survival bias.

- They tend to be prudent in how they are run, particularly in relation to financial matters, which means t
- They have the patience not to act when action is not necessary and resist the pressure to do so. As Ch
- They are aware of changes in the world and are able to adapt when those changes require it;
- They have strong cultures, clearly defined purposes and a sense of responsibility. Their cultures, rathe

Like many of our peers we continue to trade at a discount, which means you are effectively getting PartnerRe fo
We analyzed the investment portfolios of these holdings to identify businesses they own which meet the followi
GROSS ASSET VALUE

Change
Investments
Cash and cash equivalents
Treasury stock
Gross Asset Value

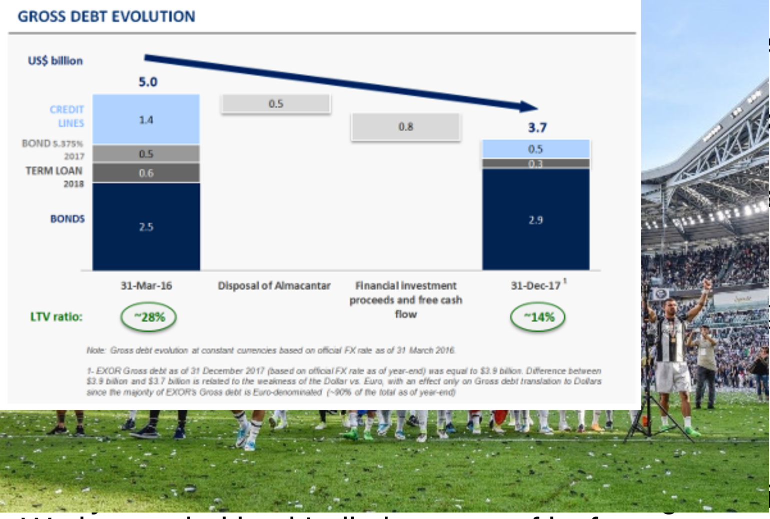
INVESTMENTS (98.7% of GAV)
I would now like to turn to some of the businesses within our portfolio, starting with FCA which is both our most
In 2017 FCA sold 4.7 million cars, generating revenues of ~€111 billion. This was similar to its 2016 revenues,
This improvement in profitability and cash generation is the result of deciding to exit the passenger car market i
This extremely strong performance is a credit to FCA as a whole and is particularly due to Sergio?s leadership.
As Sergio reminded us, it is appropriate for FCA given the many changes the car industry is facing and the nec
One example is electrification which is being developed to meet CO2 emission targets which, by 2022, will be s
As we face this transition, it is worth reflecting on the reasons why leading entrepreneurs of the last century ado
[1] Young man, that?s the thing; you have it. Keep at it. Electric cars must keep near to power stations. The stora
And it was John D. Rockefeller who then enabled the combustion engine to thrive by stabilizing the price and su
The journey from the combustion engine to the non-combustion engine will be gradual, with hybrid solutions pla
During this transition we need to make sure, just as we did last century, that we have the right technical solutio
The outlook for FCA is very positive, with the Jeep Brand continuing to be particularly strong. Jeep now makes

All-new 2018 Jeep Wrangler Rubicon and Sahara with various historical Wrangler vehicles
2017 has also been the year of Alfa Romeo?s revival with the launch of Giulia and Stelvio proudly conceived an
The 2018 targets set by FCA in 2014 seemed unreachable then but, as we get closer, seem increasingly possi
I would like next to spend time on PartnerRe, our second most valuable business and our most recent acquisiti
This difficult year represented a robust test for PartnerRe in its second year of our ownership and we have stuc
Despite the challenging environment, PartnerRe reported top quartile performance amongst its reinsurance pee
These positive results have been driven by three factors:

- The reduction of Cat exposure, mainly by the use of retrocession. This decision was taken because of
- The company?s ability to build a well-diversified underwriting portfolio in terms of geographies and pro
- The actions undertaken to reduce the company?s expenses which, excluding severance and transacti

Savings are expected to continue to grow in 2018 as the full year impact of these changes comes through and
Importantly, these savings are not limiting the company development and have already been partially reinveste
In April 2017 PartnerRe completed the acquisition of Aurigen, a leading Canadian Life reinsurer, which will cont
Notwithstanding the positive Life reinsurance performance, which has been solid with 37% growth in underwriti
The renewals in January 2018 have been positive for PartnerRe with volumes and margins up for the business

His two largest positions are RWE, the largest conventional (nuclear, coal, and gas-based) electricity producer



e view that the company?s electricity generation business i

ket has undergone a transformation through the roll-out of s

ational transaction with E.ON as a result of which RWE wil

gistics and IT platform to deliver groceries online on a natio

in the summer of 2017, the pace of discussions with poten

or growth as food retailing equates to approximately 50% o

a through local investment managers who are building hig

We have prioritized India because of its future economic growth potential. India is a $2.4 trillion economy growi

The Indian public equity market offers a very broad and diverse opportunity set, representative of the various se

In 2017, PartnerRe also strengthened its relation with Tishman Speyer to make additional investments in real e

To complete our overview of PartnerRe?s investments, it is worth highlighting the good returns it has achieved

EXOR?s ownership has allowed PartnerRe to improve its capital position by adopting a prudent dividend policy

[illegible]

Juventus has also won the last three Italian Cups and made it all the way through to the final of the Champions

Juventus team celebrating its 6th consecutive championship (2016/17 season)

Juventus? legendary achievement in 2017 is the result of a great ?team? work by management, the coach, sta

This mindset is very important for successful organizations that need to keep focused on the next challenges, w

[illegible]

Football is of course a business as well as a sport with European club revenues having more than tripled this c

Juventus has been growing its own revenues at an average CAGR of ~15% over the last five years compared t

It is hard to balance sporting and financial success but Juventus achieved this in 2017. The good news for the i

We remain confident that Juventus will continue to deliver both sporting and financial rewards and look forward

FINANCIAL INVESTMENTS, CASH AND EQUIVALENTS AND TREASURY STOCK (1.3% of GAV)

In 2017 we decreased EXOR?s financial investments and cash & cash equivalents to reduce our gross debt, w

GROSS DEBT

When we completed the PartnerRe acquisition back in March 2016, our overall gross debt increased to $5.0 bil

a reduction of around 25%.

This debt reduction has been achieved through disposal of assets and positive ordinary cash flow generation, a

Our progress in reducing our debt combined with the performance of our assets brought our Loan-to-Value rati

5

Based on official FX rate (EURUSD) as of 31 March 2016.

2018

This year most of our companies will be working on their future with business plans and leadership changes.

FCA is preparing its 2022 plan. This will be presented on June 1

by Sergio and the management team. Most of this team has been part of FCA?s incredible adventur

We are working very closely with the board to make sure this transition is successful and that the hard work of t

CNHi?s board will be appointing a new CEO who will take over from Rich Tobin who led the business effectivel

The Economist has also announced the appointment of a new Chairman, Paul Deighton. Paul has had a long a

We are grateful to Rupert Pennant-Rea, who is stepping down as Chair, particularly for his strong leadership du

We were very pleased by the positive reaction to our Investor Day last October and plan to repeat it biannually,

Periodi correlati:

- FY 2016
