EXOR GROUP PROFILE

EXOR N.V. ("EXOR" or the "Company") is one of Europe's largest diversified holding companies, with a Net Asset Value (NAV)[(1)] of almost $20 billion (equal to over €17 billion) at 31 December 2018. It is listed on the *Mercato Telematico Azionario* managed by Borsa Italiana S.p.A. (MTA) and headquartered in Amsterdam, the Netherlands. EXOR is registered in the Dutch companies' register of the Chamber of Commerce (*Kamer van Koophandel*) under registration number 64236277. The registered office is Gustav Mahlerplein 25, 1082 MS, Amsterdam, the Netherlands, telephone number +31 (0) 202402220.

EXOR is majority owned and controlled by Giovanni Agnelli B.V., the company grouping the descendants of Senator Giovanni Agnelli, the founder of FIAT, which holds 52.99% of its share capital.

EXOR aims at increasing its NAV per share to outperform the MSCI World Index in dollars in the long-term, generating free cash flows above its dividend outflows and preserving an investment grade rating.

EXOR invests with a long-term view, among others in significant controlling equity investments, without a defined investment and divestment policy and is not bound by any specific targets or criteria regarding the geographical and industrial features of its investments, holding periods and achievements of targets. EXOR generates returns which may be retained, reinvested or distributed to shareholders at the absolute discretion of the company (subject only to shareholder vote on dividend distribution).

EXOR is an active shareholder, combining its entrepreneurial approach with sound financial discipline. It brings in finance for the development of its companies, to improve their competitive position and profitability, and maintains a constant dialogue with the top management of the companies in which it invests, while fully respecting their operating autonomy.

(1) An Alternative Performance Measure as defined on page 12.

The principal EXOR Group investments are the following:

Percentages updated on the basis of the latest available information.
(a) EXOR holds 99.66% of voting rights on issued common stock.
(b) EXOR holds 42.11% of voting rights on issued capital.
(c) EXOR holds 32.75% of voting rights on issued capital.
(d) EXOR holds 41.68% of voting rights on issued capital.
(e) Voting rights are limited to 20%.

PartnerRe (100% of common stock) is a leading global pure-play reinsurer, with a broadly diversified and balanced portfolio of traditional reinsurance risks and capital markets risks. PartnerRe commenced operations in 1993 and provides Non-life (Property & Casualty (P&C) and Specialty) and Life and Health reinsurance on a worldwide basis. Risks reinsured include, but are not limited to, agriculture, aviation/space, casualty, catastrophe, energy, engineering, financial risks, marine, motor, multiline and property as well as mortality, longevity, accident and health, and alternative risk products.
PartnerRe has offices in 20 cities worldwide and is present in approximately 190 countries. The company's principal offices are located in Hamilton (Bermuda), Dublin, Stamford (Connecticut, USA), Toronto, Paris, Singapore and Zurich.

Fiat Chrysler Automobiles (FCA) (28.98% stake) is a global automotive group engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide. FCA is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index.
FCA designs, engineers, manufactures, distributes and sells vehicles for the mass-market under the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia and Ram brands and the SRT performance vehicle designation. FCA supports its vehicle shipments with the sale of related service parts and accessories, as well as service contracts, worldwide under the Mopar brand name for mass-market vehicles. In addition, FCA designs, engineers, manufactures, distributes and sells luxury vehicles under the Maserati brand. FCA makes available retail and dealer financing, leasing and rental services through its subsidiaries, joint ventures and commercial arrangements with third party financial institutions. In addition, FCA operates in the components and production systems sectors under the Teksid and Comau brands.
FCA has operations in more than 40 countries and sells vehicles directly or through distributors and dealers in more than 135 countries. At 31 December 2018 FCA has 102 manufacturing facilities and 46 research and development centers.

Ferrari (22.91% stake) Ferrari is among the world's leading luxury brands focused on the design, engineering, production and sale of the world's most recognizable luxury performance sports cars. Ferrari is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. The Ferrari brand symbolizes exclusivity, innovation, state-of-the-art sporting performance and Italian design and engineering heritage. Ferrari's name and history and the image enjoyed by its cars are closely associated with its Formula 1 racing team, Scuderia Ferrari, the most successful team in Formula 1 history. Ferrari designs, engineers and produces its cars in Maranello, Italy, and sells them in over 60 markets worldwide through a network of 167 authorized dealers operating 190 points of sale as of the end of 2018.

CNH Industrial (26.89% stake) is a leading global capital goods company that implements design, manufacturing, distribution, commercial and financial activities in international markets. It is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. CNH Industrial has five operating segments: Agricultural equipment, Construction equipment, Commercial Vehicles, Powertrain and Financial Services. It engages in the design, production, marketing, sale and financing of agricultural and construction equipment (through the families of Case and New Holland brands), trucks, commercial vehicles, buses and specialty vehicles for firefighting, defense and other uses (through the Iveco brand), as well as engines, axles and transmissions solutions for on-road, off-road, marine and power generation applications (FPT Industrial). At 31 December 2018 CNH Industrial has industrial and financial services companies located in 44 countries and a commercial presence in approximately 180 countries.

Juventus Football Club (63.77% of share capital) is listed on the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. Founded in 1897, it is one of the most prominent professional football teams in the world. Its main sources of income come from the economic exploitation of sports events, the Juventus brand and the first team image, the most significant of these include licensing of television and media rights, sponsorship, selling of advertising space, licensing and merchandising.

The Economist Group (43.40%) is the leading source of analysis on international business and world affairs. Based in London and serving a global readership and client base, The Economist Group delivers its information through a range of formats, from newspapers and magazines to conferences and electronic services.
Its flagship businesses include The Economist newspaper and website, and research and analysis division The Economist Intelligence Unit. In addition, the group publishes The World In…, Espresso, Economist Films, Economist Radio and 1843.

SIGNIFICANT EVENTS IN 2018

SIGNIFICANT EVENTS IN 2018

Significant events below refer to EXOR N.V. and the Holdings System(1).

Issue of non-convertible bonds due January 2028

On 18 January 2018 EXOR issued bonds for a nominal amount of €500 million, maturing in January 2028, with a fixed annual coupon of 1.750% and an effective yield to maturity of 1.914%. The purpose of the issue was to raise new funds for EXOR's general corporate purposes, including the repayment of certain loan facilities of the company. The notes are listed on the Luxembourg Stock Exchange and are rated BBB+ by Standard and Poor's.

Issue of non-convertible bonds due February 2038

On 15 February 2018 EXOR issued bonds for a nominal amount of €200 million, maturing in February 2038, with a fixed annual coupon of 3.125%. The purpose of the issue was to refinance short-term debt. The notes, issued through a private placement to institutional investors, are listed on the Luxembourg Stock Exchange MTF Market and are rated BBB+ by Standard and Poor's.

Constitution of the Partners Council

On 24 May 2018 EXOR N.V. announced the constitution of a Partners Council chaired by former UK Chancellor of the Exchequer George Osborne.

The initial membership of the Partners Council is: Michael Larson - Chief Investment Officer of BMGI; Jorge Paulo Lemann - Co-Founder of 3G Capital; George Osborne, CH Editor of the London Evening Standard; Nassef Sawiris - CEO of OCI; Rob Speyer - President and CEO of Tishman Speyer; Joseph C. Tsai - Executive Vice Chairman of Alibaba Group; Mike Volpi - Co-Founder of Index Ventures; Ruth Wertheimer – Founder, Owner and Chairwoman of 7- Main.

The EXOR Partners Council brings together a group of highly successful business leaders representing a wide range of companies, nationalities, backgrounds and experiences.

This group will bring additional external experience and counsel into EXOR, which will be particularly valuable, for example, when exploring new business opportunities.

Constitution of EXOR Seeds

In the first half of 2018 EXOR Group promoted EXOR Seeds, a new global venture initiative through which it plans to invest $100 million in startups, highly diversified by sector and geography, with a long-term investment outlook.

EXOR Euro-Commercial Paper Program

On 15 May 2018 EXOR established its first Euro-Commercial Paper Program (ECP Program) allowing it to issue short-term notes with maturity of up to 364 days and a maximum amount outstanding of €500 million.

The program enables the Company to achieve greater diversification of its funding sources in the capital markets and enhance its liquidity management. At 31 December 2018 the total amount outstanding in the program was €230 million.

EXOR share buyback Program

On 15 November 2018 EXOR Board of Directors approved a share buyback program, adopted by the Annual General Meeting of Shareholders held on 29 May 2018. The program involves the repurchase from time to time of up to €300 million of ordinary shares and is intended to optimize the company's capital structure. This amount represents approximately 50% of the extraordinary dividend that is expected to be paid by Fiat Chrysler Automobiles N.V. to EXOR following the disposal of Magneti Marelli.

On 2018 EXOR purchased 1,231,510 ordinary shares for a total amount of €62 million.

At 31 December 2018 EXOR held 6,709,893 ordinary shares in treasury (2.78% of issued capital).

(1) An Alternative Performance Measure as defined on page 12.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

This section highlight the most significant economic and financial data from the consolidated financial statements.

Data received from subsidiaries are prepared for EXOR consolidation purposes in order to ensure an uniform accounting criteria and therefore may differ with data published in their financial report.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

Significant economic data[a]

(€ million)	FCA	CNH INDUSTRIAL	FERRARI	PARTNERRE	JUVENTUS	MINOR AND ADJUSTMENTS[b]	CONSOLIDATED
2018							
Revenues	110,412	25,179	3,420	4,694	544	(955)	**143,294**
Net profit	3,632	1,185	787	(75)	(55)	(58)	**5,416**
Share of profit (loss) attributable to owners of the parent (EXOR share)	1,046	314	186	(105)	(35)	(59)	**1,347**
2017							
Revenues	105,730	24,739	3,417	5,016	540	(1,216)	138,226
Net profit	3,510	422	537	199	14	(36)	4,646
Share of profit (loss) attributable to owners of the parent (EXOR share)	1,018	110	126	168	9	(39)	1,392

(a) Data presented in the table are prepared by each subsidiary for the EXOR consolidation process and may differ from data published by each subsidiary in its financial report.
(b) Includes the net result of EXOR and subsidiaries of the Holdings System excluding the share of the profit of the operating companies presented in their respective column. Further details are provided in the section Alternative Performance Measures on page 12.

Revenues

Net revenues for the year 2018 of PartnerRe were €4,694 million, a decrease of €322 million compared to the year 2017 (€5,016 million), principally due to a net increase in realized and unrealized investment losses (€542 million), partially offset by an increase in net premiums earned (€220 million).

Net revenues for the year 2018 of FCA (excluding Magneti Marelli) were €110,412 million with higher shipments, positive pricing and favorable mix, principally in NAFTA.

Net revenues for 2018 of Ferrari increased to €3,420 million (€3,417 million in 2017), thanks to the combination of a €79 million increase in cars and spare parts, a €12 million increase in sponsorship, commercial and brand and a €1 million increase in other net revenues, partially offset by a €89 million decrease in engines sales.

Revenues for the year 2018 of CNH industrial Group were €25,179 million, an increase of €452 million compared to the year 2017. This increase was primarily due to an improvement in net revenues of Industrial Activities.

Net Profit (loss)

Net loss of PartnerRe was driven by Catastrophic losses related to Typhoons Jebi and Trami, Hurricanes and Michael, and California wildfires and net realized and unrealized investment losses on fixed maturities and short-terms investments, partially offset by net foreign exchange gains.

In 2018 FCA net profit was €3,632 million, of which €3,330 million from continuing operations (€3,291 million in 2017). The increase in the net profit from continuing operations (+€22 million) was mainly driven by lower tax and net financial expenses, improved NAFTA and LATAM operating performance, net of lower results in APAC, Maserati and EMEA. Net profit from continuing operations was also affected by a provision of €748 million recognized for costs and related to final settlements reached on civil, environmental and consumer claims related to U.S. diesel emissions matters.

Net profit of CNH Industrial in 2018 amounted €1,185 million compared to €422 million in 2017 and included a gain of €446 million related to the modification of a healthcare plan in the U.S.

Significant financial data[a]

€million	FCA	CNH INDUSTRIAL	FERRARI	PARTNERRE	JUVENTUS	MINOR AND ADJUSTMENTS[b]	CONSOLIDATED
31 December 2018							
Cash and cash equivalents	12,450	5,068	794	766	36	22	**19,136**
Total assets	96,873	42,489	4,852	20,556	925	580	**166,275**
Gross debt	14,735	21,529	1,939	1,328	424	3.621	**43,576**
Total equity	24,903	6,525	1,354	6,355	80	(2,772)	**36,445**
Issued capital and reserves attributable to owners the parent (EXOR share)	7,154	1,722	342	5,719	51	(2,778)	**12,210**
31 December 2017							
Cash and cash equivalents	12,638	5,169	648	1,478	72	23	20,028
Total assets	96,299	42,332	4,141	19,796	820	387	163,775
Gross debt	18,109	21,773	1,809	1,272	356	3,377	46,696
Total equity	20,987	5,708	784	6,255	137	(2,685)	31,186
Issued capital and reserves attributable to owners of the parent (EXOR share)	6,077	1,454	206	5,639	88	(2,659)	10,805

(a) Data presented in the table are prepared by each subsidiary for the EXOR consolidation process and may differ from data published by each subsidiary in its financial report.
(b) Includes the assets of EXOR and subsidiaries of the Holdings System excluding the investment in the operating companies presented in their respective column. Further details are provided in the section Alternative Performance Measures on page 12.

Gross debt

€million	31/12/2018	31/12/2017	31/12/2016
Bonds	**20,470**	22,103	25,487
Borrowings from banks	**9,143**	11,239	14,509
Asset-backed financing	**10,981**	10,943	12,075
Payables represented by securities	**1,551**	826	1,619
Other financial debt and liabilities	**1,431**	1,585	3,127
Gross debt	**43,576**	46,696	56,817

Financial debt is constituted, to a large extent, of bond issues and bank borrowings. As is the usual practice, the major part of bank borrowings and bond issued involves a number of covenants which *inter alia* limit the capacity of Group companies to contract further debt, make certain types of investment, put into effect certain types of transactions with Group companies, dispose of certain assets or merge with or into other companies and use assets as security for other transactions. Further, certain bond issues and bank borrowings provide for compliance with financial covenants.

Cash flow

€ million	**2018**	2017	2016
Cash and cash equivalents at the beginning of the year	**20,028**	25,162	30,587
Cash flow from (used in) operating activities	**12,916**	13,390	12,619
Cash flow from (used in) investing activities	**(10,184)**	(10,771)	(12,740)
Cash flow from (used in) financing activities	**(3,030)**	(5,944)	(5,564)
Translation exchange differences	**125**	(1,809)	259
Net change in cash and cash equivalents	**(173)**	(5,134)	(5,426)
Cash and cash equivalents at the end of the year	**19,855**	20,028	25,161
Cash and cash equivalents included in assets held for sale and discontinued operations	**(719)**	0	1
Cash and cash equivalents at the end of the year	**19,136**	20,028	25,162

In 2018 the Group companies generated positive cash flows from the operating activities for €12,916 million while cash flows used in investing activities were €10,184 million and mainly related to the investments in property, plant and equipment and intangible assets (€7,165 million).

For the year ended 31 December 2018, net cash used in financing activities was €3,030 million, primarily related to the repayment of notes for €3,522 million, net reduction in other long-term debt for €1,601 million, partially offset by the issuance of new notes for €1,603 million.

In 2017 the Group generated positive cash flows from the operating activities for €13,390 million while cash flows used in investing activities were €10,771 million and mainly related to the investments in property, plant and equipment and intangible assets (€10,092 million).

For the year ended 31 December 2017, net cash used in financing activities was €5,944 million, primarily related to the, repayment of notes for €5,296 million, net reduction in other long-term debt for €3,049 million, partially offset by the issuance of new notes for €2,834 million.

ALTERNATIVE PERFORMANCE MEASURES (APM)

This section presents the Alternative Performance Measures identified by EXOR directors, to facilitate the understanding of the economic and financial performance of EXOR and the Group.

- Net Asset Value (NAV)
- Net Financial Position (NFP)
- Share of the profit (loss) of investments accounted for using the equity method

ALTERNATIVE PERFORMANCE MEASURES (APM)

To facilitate understanding of the economic and financial performance of EXOR and of the Group, the Management of EXOR has identified a number of Alternative Performance Measures (APM) which are used to identify operational trends and to make investment and resource allocation decisions. To ensure that the APM are correctly interpreted it is emphasized that these measures are not indicative of the future performance of the Group. The APM are not part of international reporting standards (IFRS) and are unaudited. They should not be taken as replacements of the measures required under the reference financial reporting standards.

The APM should be read together with the consolidated financial information prepared using the shortened consolidation criterion. APM used by EXOR, since they are not based on the reference financial reporting standards, may not be consistent with those used by other companies or groups and therefore may not be comparable. The APM used by EXOR have been computed consistently in terms of definition and presentation in all the reporting periods for which financial information is presented in this Report.

It should also be noted that the principal subsidiaries and affiliates make use of non-GAAP financial measures to illustrate their performance to the market. Such indicators are commonly used by analysts and investors in the sectors to which the subsidiaries belong to evaluate business performance. A description of the manner in which such indicators are computed is provided by the individual subsidiary companies and these are included in the section Review of performance of the Operating Subsidiaries in the Board Report, as extracted from their respective published documents. Such information is prepared autonomously by the companies and is not homogeneous.

Set out below are the main APM's identified by EXOR:

- Net Asset Value
- Net Financial position
- Share of the profit (loss) of investments accounted for using the equity method.

Net Asset Value (NAV)

Net Asset Value (NAV) corresponds to the total value of assets net of the Gross Debt of the Holdings System as defined below. In determining the total value of assets at 31 December 2018, listed equity investments and other securities are valued at official market trading prices, unlisted equity investments are valued at fair value, determined annually by independent experts, and unlisted other investments (funds and similar instruments) are valued by reference to the most recent available fair value. Bonds held to maturity are valued at amortized cost.

Treasury stock includes shares held in treasury before the Share Buyback Program launched on 14 November 2018. Treasury shares are valued at the official stock exchange price, except for the part designated to service stock option plans (measured at the option exercise price under the plan if this is less than the stock exchange price).

The sum of the aforesaid values constitutes the total value of assets (Gross Asset Value). Gross Debt corresponds to the total amount of the financial debt of the Holdings System.

Items included in the calculation of Gross Asset Value and Gross Debt which are denominated in foreign currencies are converted at the official exchange rates at the corresponding reporting date.

At 31 December 2018, EXOR's NAV is $19,740 million (€17,238 million) compared to $22,972 million (€19,155 million) at 31 December 2017.

At 31 December 2018 EXOR's NAV per share amounts to $82.33 or €71.89 compared to $95.32 (€79.48) at 31 December 2017), a decrease of $13/share or -13.6%.

Breakdown of Net Asset Value

in US$ million	Ownership (%)	Valuation methodology	31/12/2018	31/12/2017	Change vs 31/12/2017 Amount	%
Investments			**23,272**	26,550	(3,278)	-12.3%
PartnerRe	100.00%	Fair value by independent experts	**7,650**	7,590	60	+0.8%
Fiat Chrysler Automobiles	28.98%	Official market price	**6,538**	8,093	(1,555)	-19.2%
Ferrari	22.91%	Official market price	**4,404**	4,691	(287)	-6.1%
CNH Industrial	26.89%	Official market price	**3,296**	4,918	(1,622)	-33.0%
Juventus Football Club	63.77%	Official market price	**797**	589	208	+35.3%
Other investments [(a)]		Listed: official market price, Unlisted: available fair value	**587**	669	(82)	-12.3%
Other Assets [(b)]			**501**	343	159	+46.4%
Cash and cash equivalents			**306**	127	179	+140.9%
Financial investments			**4**	4	0	+0.0%
Treasury stock			**191**	212	(21)	-9.9%
Gross Asset Value			**23,773**	26,893	(3,120)	-11.6%
Gross Debt			**(4,033)**	(3,921)	(112)	+2.9%
Net Asset Value (NAV)			**19,740**	22,972	(3,232)	-14.1%
NAV per Share in US$ [(c)]			**82.33**	95.32	(13)	-13.6%

(a) Other investments include the stake in The Economist Group ($400 million), Welltec ($106 million), GEDI ($12 million), NocoA and other minor sundry investments ($69 million).

(b) At 31 December 2018, 'Other assets' include $4 million of financial investments, $306 million of cash and cash equivalents and $191 million of treasury stock. Treasury stock includes shares held in treasury before the Share Buyback Program launched on 14 November 2018. At 31 December 2017, 'Other assets' include $4 million of financial investments, $127 million of cash and cash equivalents and $212 million of treasury stock.

(c) Based on 239,768,490 shares at 31 December 2018 (netting out the 1,231,510 ordinary shares bought back in 2018 in the context of the Share Buyback Program). Based on 241,000,000 shares at 31 December 2017.

The value of the NAV in Euro currency, converted at the official exchange rates at the respective dates, is presented below:

in €million	31/12/2018	31/12/2017	Change vs 31/12/2017 Amount	%
Investments	**20,323**	22,138	(1,815)	-8.2%
Other Assets[(a)]	**437**	286	151	+52.8%
Gross Asset Value	**20,760**	22,424	(1,664)	-7.4%
Gross Debt	**(3,522)**	(3,269)	(253)	+7.7%
Net Asset Value (NAV)	**17,238**	19,155	(1,917)	-10.0%

(a) Of which, at 31 December 2018: €3 million of financial investments, €267 million of cash and cash equivalents and €167 million of treasury stock. At 31 December 2017: €3 million of financial investments, €106 million of cash and cash equivalents and €177 million of treasury stock.

NAV is also presented with the aim of aiding financial analysts and investors in their own assessments.

Reconciliation with the IFRS financial statements

The following table shows the reconciliation between the Net Asset Value (NAV) and the issued capital and reserves attributable to owners of the parent.

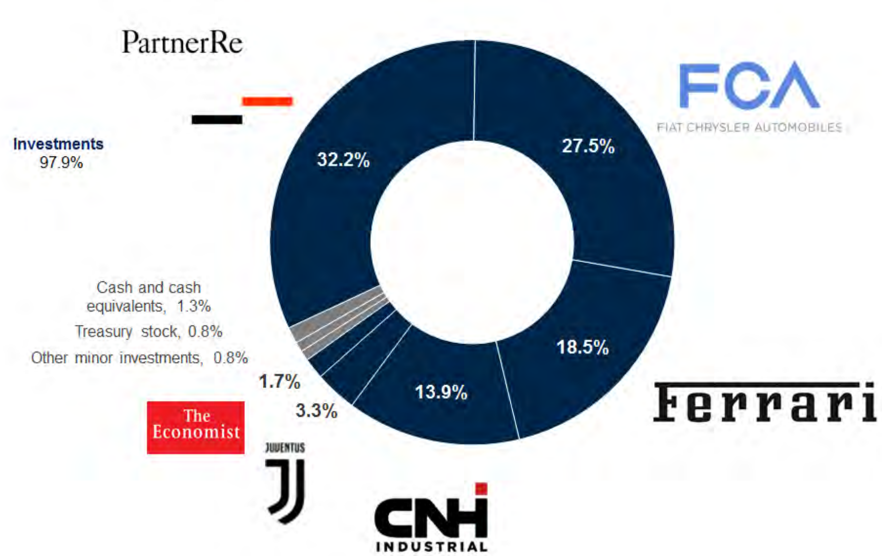
€ million	31/12/2018	31/12/2017
Issued capital and reserves attributable to owners of the parent	**12,210**	10,805
Difference between the market value and the book value of the investments	**4,861**	8,171
Treasury stock and others	**167**	179
Net Asset Value (NAV)	**17,238**	19,155

The following table shows the difference between the market value and the book value of the investments:

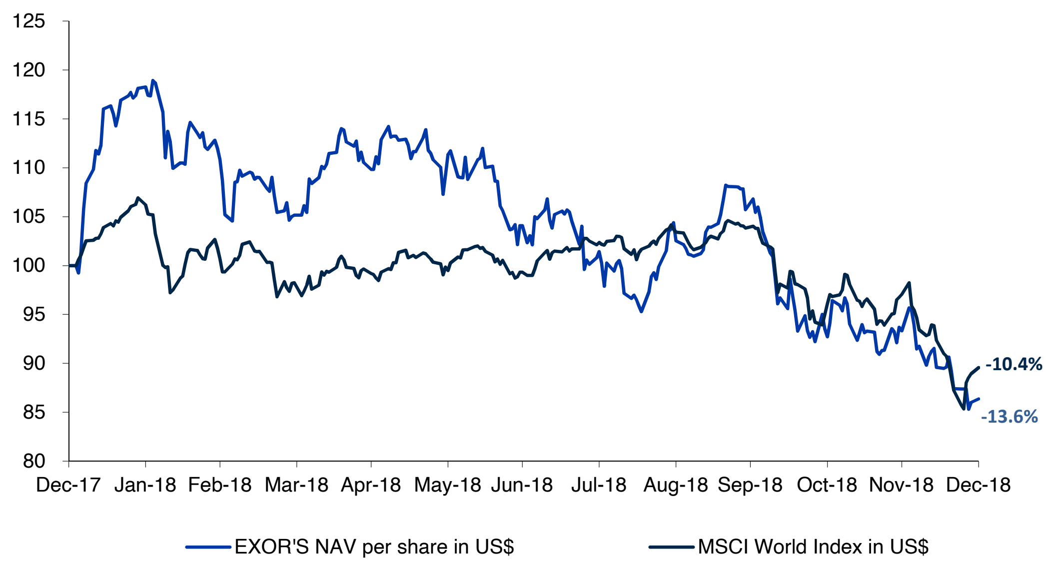
	31/12/2018		31/12/2017	
€ million	**Book value**	**Market value**	Book value	Market value
PartnerRe	**5,719**	**6,681**	5,639	6,329
FCA	**7,154**	**5,710**	6,071	6,749
Ferrari	**342**	**3,846**	206	3,912
CNH Industrial	**1,722**	**2,878**	1,493	4,100
Juventus Football Club	**51**	**696**	88	491
The Economist Group	**318**	**348**	294	382
Others	**143**	**151**	176	175
Total	**15,449**	**20,310**	13,967	22,138
Difference		*4,861*		*8,171*

Gross Asset Value composition

The following pie chart illustrates the Gross Asset Value composition at 31 December 2018 ($23,773 million or €20,760 million).



Change in NAV per share compared to the MSCI World Index in USD



Net financial position of the Holdings System

The net financial position of the Holdings System, determined by applying the shortened consolidation criterion, provides the best presentation of the financial resources and commitments directly attributable to and managed by EXOR.

Using the shortened consolidation criterion adopted by EXOR rather than the line-by-line method of consolidation required by law and under IFRS, the data derived from the financial statements or accounting data prepared in accordance with IFRS by EXOR and by the subsidiaries constituting the Holdings System - Exor Nederland N.V. (the Netherlands), EXOR S.A. (Luxembourg), Exor Investments Limited (United Kingdom), Exor Investment (UK) LLP (United Kingdom), Ancom USA Inc. (USA), Exor SN LLC (USA) - are consolidated in the financial statements of the parent company EXOR using the line-by-line method while the data derived from the financial statements or accounting data prepared in accordance with IFRS of the operating subsidiaries and associates (PartnerRe, Ferrari, CNH Industrial, Juventus Football Club, The Economist Group and Welltec) are included in the consolidated financial statements of the parent company EXOR using the equity method. The financial community is familiar with this information which facilitates analysis of the financial position and results of EXOR.

Nevertheless, such data do not fully represent, nor should be treated as the consolidated financial position of the EXOR Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact, the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups. The consolidated data prepared in shortened form are not audited by the independent auditors.

Set out below are the data relating to the net financial position prepared in shortened consolidation form:

€million	31/12/2018	31/12/2017	31/12/2016
Financial assets and financial receivables	**246**	82	88
Cash and cash equivalents	**21**	24	117
Cash, cash equivalents and financial assets	**267**	106	205
EXOR bonds	**(3,236)**	(2,521)	(2,999)
Bank debt	**(30)**	(715)	(601)
Commercial paper	**(230)**	-	-
Other financial payables	**(26)**	(34)	(29)
Gross debt	**(3,522)**	(3,270)	(3,629)

The reconciliation of the consolidated cash and cash equivalents of EXOR Group with the cash and cash equivalents of the Holdings System is as follow:

€million	31/12/2018	31/12/2017	31/12/2016
Cash and cash equivalents[1]	**19,136**	20,028	25,161
(Less) Cash and cash equivalents of the operating subsidiaries accounted for using the equity method in the Holdings System	**19,115**	20,004	25,044
Financial asset and financial receivables	**246**	82	88
Cash, cash and cash equivalents and financial asset of the Holdings System	**267**	106	205

(1) GAAP measure, see page 10.

The reconciliation of the consolidated gross debt of EXOR Group with the gross debt of the Holdings System is as follow:

€million	31/12/2018	31/12/2017	31/12/2016
Gross debt[1]	**(43,576)**	(46,696)	(56,817)
(Less) Gross debt of the operating subsidiaries accounted for using the equity method in the Holdings System	**40,054**	43,426	53,188
Gross debt of the Holdings System	**(3,522)**	(3,270)	(3,629)

(1) GAAP measure, see page 10.

Share of the profit (loss) of investments accounted for using the equity method

The composition of the share of the profit (loss) of investments accounted for using the equity method is as follow:

(€million)	2018	2017	Change
PartnerRe	**(105)**	168	(273)
FCA	**1,046**	1,018	28
Ferrari	**186**	126	60
CNH Industrial	**314**	110	204
Juventus Football Club	**(35)**	9	(44)
Investments in subsidiaries	**1,406**	1,431	(25)
The Economist Group	**37**	19	18
Welltec	**(5)**	-	-
Investments in associates	**32**	19	18
Adjustments in subsidiaries	**0**	(1)	1
Total	**1,438**	1,449	(6)

The reconciliation of the share of the profit of the investments accounted for using the equity method with the profit attributable to owners of the parent is as follow:

€ million	2018	2017	Change
Profit (loss) attributable to owners of the parent[(1)]	**1,347**	1,392	(45)
Less:			
- Dividends from investments	**0**	(7)	7
- (Losses) gains on disposals and impairment	**1**	66	(65)
- Net financial (expenses) income	**64**	(14)	78
- Net recurring general expenses and non-recurring other expenses	**22**	34	(12)
- Income taxes and other taxes and duties	**4**	(22)	26
Share of the profit of investments accounted for using the equity method	**1,438**	1,449	(11)

(1) GAAP measure, see page 9.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP – SHORTENED

This section presents EXOR Group results using the “shortened” method of consolidation.

The Holding system companies are consolidated line-by-line and the operating subsidiaries and associates are consolidated using the equity method.

While such data is not contemplated in the reference accounting standards, EXOR believes that this information facilitates the analysis of the financial position and the results of EXOR.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP - SHORTENED

As described above in the APM section, EXOR applies a shortened consolidation criterion to facilitate the analysis of the financial position and results of EXOR.

Using the shortened consolidation criterion rather than the line-by-line method of consolidation required by law and under IFRS, the data derived from the financial statements or accounting data prepared in accordance with IFRS by EXOR and by the subsidiaries constituting the Holdings System are consolidated in the financial statements of the parent company EXOR using the line-by-line method, while the data derived from the financial statements or accounting data prepared in accordance with IFRS of the operating subsidiaries (PartnerRe, FCA, Ferrari, CNH Industrial, Juventus Football Club) and associates (The Economist Group and Welltec) are included in the consolidated financial statements of the parent company EXOR using the equity method.

The following table shows the shortened consolidation area:

	Reporting currency	% of consolidation	
		31/12/2018	31/12/2017
Holding Company	**€**	**100**	100
- EXOR N.V. (The Netherlands)			
Companies in the Holdings System consolidated line-by-line			
- Exor Nederland N.V. (The Netherlands)	$	**100**	100
- EXOR S.A. (Luxembourg)	€	**100**	100
- Ancom USA Inc. (USA)	$	**100**	100
- Exor SN LLC (USA)	$	**100**	100
- Exor Capital DAC (Ireland)[(a)]	€	**-**	100
- Exor Investments Limited Ltd. (United Kingdom)	£	**100**	100
- Exor Investments (UK) LLP (United Kingdom)	£	**99.67**	99.67
Investments in operating subsidiaries and associates, accounted for using the equity method			
- PartnerRe	$	**100**	100
- FCA	€	**28.98**	29.18
- Ferrari	€	**23.65**	23.52
- CNH Industrial	$	**27.10**	26.91
- Juventus Football Club	€	**63.77**	63.77
- The Economist Group	£	**43.40**	43.40
- Welltec	$	**22.12**	21.24

(a) In the process of liquidation.

The principal exchange rates used to translate other currencies into Euro are as follows:

	2018		2017	
	Average	**31/12**	Average	31/12
U.S. dollar	1.181	1.145	1.130	1.199
British pound	0.885	0.895	0.877	0.888

EXOR closed the year 2018 with a consolidated profit of €1,347 million; the year 2017 ended with a consolidated profit of €1,392 million. The decrease of €45 million is attributable to the lower net financial income of €78 million and other negative changes of €32 million, partially offset by the decrease in impairments (€65 million).

The consolidated net financial position of the Holdings System at 31 December 2018 is a negative €3,255 million and reflects a negative change of €91 million compared to the negative financial position of €3,164 million at 31 December 2017. Additional details are provided in Note 8.

At 31 December 2018 the consolidated equity attributable to owners of the parent amounts to €12,210 million with a net increase of €1,405 million compared to €10,805 million at 31 December 2017. Additional details are provided in Note 9.

Following the retrospective adoption on 1 January 2018 of IFRS 9 – Financial Instruments and IFRS 15 –Revenue from Contracts with Customers EXOR recognized the accumulated transitional effects in retained earnings on the date of initial application.
EXOR has not restated consolidated shortened data as a result of the adoption of IFRS 9 and IFRS 15, but has quantified the effects attributable to FCA and CNH Industrial on the statement of financial position. The adoption of the standards generated a net reduction in EXOR's equity and in investments accounted for using the equity method of €33 million at 1 January 2018. Additional details are provided in Note 6.

The shortened consolidated income statement and statement of financial position and notes on the most relevant line items are presented below.

EXOR GROUP – Consolidated Income Statement – Shortened

€ million	Note	2018	2017		Change
Share of the profit (loss) of investments accounted for using the equity method	1	**1,438**	1,449		(11)
Dividends from investments	2	**0**	7		(7)
(Losses) gains on disposals and impairment		**(1)**	(66)	(a)	65
Net financial (expenses) income	3	**(64)**	14		(78)
Net recurring general expenses	4	**(22)**	(28)		6
Non-recurring other expenses	5	**(3)**	(6)		3
Income taxes and other taxes and duties		**(1)**	22	(b)	(23)
Profit (loss) attributable to owners of the parent		**1,347**	1,392		(45)

a) Of which Welltec (-€47 million) and Banca Leonardo (-€19 million).
b) Of which €21 million related to the update of the estimate of the Italian Exit tax settled in June 2017.

EXOR GROUP – Consolidated Statement of Financial Position – Shortened

€ million	Note	31/12/2018	31/12/2017		Change
Investments accounted for using the equity method	6	**15,393**	13,879		1,514
Investments measured at fair value	7	**55**	48		7
Property, plant and equipment, intangible assets and other assets		**18**	15		3
Financial assets, financial receivables and cash and cash equivalents	8	**267**	106		161
Tax receivables and other assets		**6**	7		(1)
Assets held for sale		**0**	28	(a)	(28)
Total Assets		**15,739**	14,083		1,656
Issued capital and reserves attributable to owners of the parent	9	**12,210**	10,805		1,405
Bonds	8	**3,236**	2,521		715
Bank debt and commercial paper	8	**260**	715		(455)
Other financial liabilities	8	**26**	34		(8)
Tax payables and other liabilities		**7**	8		(1)
Total Equity and Liabilities		**15,739**	14,083		1,656

(a) Related to the sale of the investment in Banca Leonardo completed on 30 April 2018. Value aligned to the estimated sale proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - SHORTENED

1. Share of the profit (loss) of investments accounted for using the equity method

The share of the profit of investments accounted for using the equity method in 2018 amounts to €1,438 million, with a decrease of €11 million compared to 2017 (€1,449 million) The negative change reflects in particular the decrease in the share of the profit of PartnerRe and Juventus, for €273 million and €44 million respectively, partially offset by the increases of CNH Industrial, Ferrari and FCA for €204 million, €60 million and €28 million respectively.

	Profit (Loss)[a] (€ million)		EXOR's share (€ million)		
	2018	2017	**2018**	2017	Change
PartnerRe	(105)	168	**(105)**	168	(273)
FCA	3,608	3,491	**1,046**	1,018	28
Ferrari	785	535	**186**	126	60
CNH Industrial	1,159	407	**314**	110	204
Juventus Football Club[b]	(55)	14	**(35)**	9	(44)
Investments in subsidiaries			**1,406**	1,431	(25)
The Economist Group[c]	86	45	**37**	19	18
Welltec[d]	(32)	n.a.	**(5)**	-	(5)
Investments in associates			**32**	19	13
Adjustments			**0**	(1)	1
Total			**1,438** [e]	1,449 [e]	(11)

(a) Results attributable to owners of the parents. Results reported in foreign currencies have been converted into Euro at the average exchange rate of the year.
(b) The profit refers to the accounting data prepared for consolidation in EXOR for the period 1 January – 31 December.
(c) The profit refers to the period 1 October – 30 September.
(d) Accounted using the equity method starting from 31 December 2017 following the acquisition of an additional interest in the share capital at the end of the year therefore having no effect on the income statement.
(e) Of which in 2018 € 1,298 million correspond to the share of the profit (loss) and €138 million to dividends and in 2017 €1,227 million correspond to the share of the profit and €222 million to dividends.

For comments on the performance of the principal operating subsidiaries please refer to the section "Review of the performance of the operating subsidiaries".

2. Dividends from investments

€ million	**2018**	2017	Change
Dividends received from investments accounted for using the equity method:			
- PartnerRe	**41**	128	(87)
- Ferrari	**31**	28	3
- CNH Industrial	**51**	41	10
- The Economist Group	**15**	18	(3)
Others	**-**	7	(7)
Dividends included in the net financial position	**138**	222	(84)
Less: Dividends received from investments accounted for using the equity method	**(138)**	(215)	77
Dividends included in the income statement	**0**	7	(7)

3. Net financial (expenses) income

In 2018 net financial expenses amount to €64 million (net financial income of €14 million in 2017).

€ million	2018		2017		Change
Interest income on:					
- bank current accounts and deposits	**1**		1		0
- bonds	**2**		4		(2)
- financial receivables	**3**		0		3
Realized and unrealized gains (losses) on financial assets at FVTPL	**11**		0		11
Interest income and other financial income	**17**		5		12
Interest expenses and other financial expenses on:					
- EXOR bonds	**(93)**	(a)	(88)	(a)	(5)
- bank debt	**(3)**		(12)		9
Interest expenses and other financial expenses	**(96)**		(100)		4
Exchange gains (losses), net	**15**		0		15
Financial (expenses) income generated by the financial position	**(64)**		(95)		31
Realized gains (losses) on financial assets at FVTOCI	**-**		109	(b)	(109)
Financial (expenses) income recorded in the income statement	**(64)**		14		(78)

(a) Includes the credit risk adjustment component recorded in the income statement relating to the fair value measurement of the cross currency swap in accordance with IFRS 13, which is a negative €0.5 million (positive €0.6 million in the year 2017).
(b) Refers to the net gain realized on the total redemption of The Black Ant Value Fund, arising from the reversal of the fair value reserve.

4. Net recurring general expenses

Net recurring general expenses in 2018 amount to €22 million with a decrease of €6 million compared to the prior year (€28 million). The decrease is mainly due to cost saving efforts related to the reorganization of the Holdings System.

The main items are detailed below:

€ million	2018	2017	Change
Personnel costs	**(8)**	(8)	0
Compensation and other costs relating to directors	**(2)**	(3)	1
Service costs, net	**(6)**	(11)	5
Net recurring general expenses generated by financial position	**(16)**	(22)	6
Share based compensation plan costs	**(6)**	(6)	0
Net recurring general expenses recorded in the income statement	**(22)**	(28)	6

5. Non-recurring other expenses

In 2018 non-recurring other expenses amount to €3 million (€6 million in 2017) and mainly referred to contributions to cultural and charitable associations and other non-recurring consulting fees.

6. Investments accounted for using the equity method

€ million	31/12/2018	31/12/2017 (as previously reported)	Adjustment IFRS 15/ IFRS 9	1/1/2018 (as adjusted)	Change (vs adjusted)
PartnerRe	**5,719**	5,639		5,639	80
FCA	**7,154**	6,071	6	6,077	1,077
Ferrari	**342**	206		206	136
CNH Industrial	**1,722**	1,493	(39)	1,454	268
Juventus Football Club	**51**	88		88	(37)
The Economist Group	**318**	294		294	24
Welltec	**87**	88		88	(1)
Total	**15,393**	13,879	(33)	13,846	1,547

The positive change in EXOR's investment in PartnerRe is mainly due to the positive translation exchange differences (€201 million) and remeasurement of defined benefit plans reserve (€21 million), partially offset by EXOR's share of the loss for the year (€105 million) and the payment of dividends (€41 million).

The positive change in EXOR's investment in FCA (€1,077 million) is mainly attributable to EXOR's share of the profit (€1,046 million) and the positive remeasurement of defined benefit plans reserve (€70 million).

The positive change in EXOR's investment in Ferrari (€136 million) is primarily due to the EXOR's positive share of the profit (€186 million), partially offset by the payment of dividends (€31 million) and the buy- back of treasury stock (€24 million).

The positive change in EXOR's investment in CNH Industrial (€268 million) can be ascribed primarily to EXOR's share of the profit (€314 million) and the positive remeasurement of defined benefit plans reserve (€34 million), partially offset by the payment of dividends (€51 million), the negative translation exchange differences (€24 million) and the buy-back of treasury stock (€36 million).

7. Investments measured at fair value

The investments measured at fair value amount to €55 million (€48 million at 31 December 2017) and include principally investments in equity instruments. The positive change (€7 million) is mainly due to new investments (€18 million) partially offset by the negative fair value adjustment (€7 million) and the disposal of minor investments (€4 million).

8. Net financial position of the Holdings System

The net financial position of the Holdings System at 31 December 2018 is a negative €3,255 million and shows a negative change of €91 million compared to the balance at 31 December 2017 (a negative €3,164 million).

€ million	31/12/2018	31/12/2017	Change
Financial assets	**238**	56	182
Financial receivables	**8**	26	(18)
Cash and cash equivalents	**21**	24	(3)
Cash, cash equivalents and financial assets	**267**	106	161
EXOR bonds	**(3,236)**	(2,521)	(715)
Bank debt	**(30)**	(715)	685
Commercial paper	**(230)**	-	(230)
Other financial liabilities	**(26)**	(34)	8
Gross debt	**(3,522)**	(3,270)	(252)
Net financial position of the Holdings System	**(3,255)**	(3,164)	(91)

Financial assets include principally financial instrument accounted for at FVTPL and debt securities listed on an active market measured at amortized cost.

Financial receivables include the receivable arising from the divestment of Banca Leonardo (€8 million), completed in April 2018.

Cash and cash equivalents include short-term deposits, money market instruments and bonds. Investments are spread over an appropriate number of counterparties chosen according to their creditworthiness and their reliability since the primary objective is to hold investments which can readily be converted into cash.

At 31 December 2018 bonds issued by EXOR can be analyzed as follows:

Issue date	Maturity date	Issue price	Fixed Rate (%)	Nominal amount (million)	Balance at 31/12/2018 (€ million)	Balance at 31/12/2017 (€ million)	Change
16-Oct-12	16-Oct-19	98.136	4.7500	150.0	**(151)**	(151)	0
12-Nov-13	12-Nov-20	99.053	3.375	200.0	**(200)**	(200)	0
03-Dec-15	02-Dec-22	99.499	2.125	750.0	**(747)**	(746)	(1)
08-Oct-14	08-Oct-24	100.090	2.500	650.0	**(653)**	(652)	(1)
07-Dec-12	31-Jan-25	97.844	5.250	100.0	**(103)**	(103)	0
22-Dec-15	22-Dec-25	100.779 (a)	2.875	450.0 (a)	**(452)**	(452)	0
20-May-16	20-May-26	99.650	4.398	170.0 (b)	**(149)**	(142)	(7)
18-Jan-18	18-Jan-28	98.520	1.750	500.0	**(500)**	0	(500)
09-May-11	09-May-31	100.000	2.800 (c)	10,000.0 (d)	**(80)**	(75)	(5)
15-Feb-18	15-Feb-38	98.183	3.125	200.0	**(201)**	0	(201)
					(3,236)	(2,521)	(715)
- Current portion					**(178)**	(14)	(164)
- Non-current portion					**(3,058)**	(2,507)	(551)

(a) Originally €250 million; the amount was increased by another €200 million in 10 May 2016. The issue price corresponds to the weighted average of the prices calculated on the entire amount of €450 million.
(b) Nominal value in $, original currency of issuance.
(c) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.
(d) Nominal value in Yen.

EXOR intends to repay the bonds in cash at maturity using available liquid resources and undrawn credit lines.

EXOR may from time to time buy back bonds on the market also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, EXOR's financial situation and other factors which could affect such decisions.

The bank debt decrease of €685 million is mainly attributable to the repayment of credit lines, of which €254 million in foreign currency ($300 million, related to the acquisition of PartnerRe).

At 31 December 2018 the amount of commercial paper outstanding is €230 million compares to a maximum amount of €500 million established by the EXOR Euro-Commercial Paper Program on 15 May 2018.

Other financial liabilities (€26 million) mainly consist of the measurement of cash flow hedge derivative instruments.

The net change during the year 2018, a negative €91 million, can be analyzed as follows:

€ million		2018	2017	Change
Net financial position of the Holdings System - Initial amount	Note	**(3,164)**	(3,424)	260
Dividends received from investment	1	138	222	(84)
Asset disposals	2	32	357	(325)
Investments		(22)	(45)	23
Dividends paid by EXOR		(82)	(82)	0
Buyback EXOR treasury stock		(62)	-	(62)
Other changes	3	(95)	(192)	97
Net change during the year		**(91)**	260	(351)
Net financial position of the Holdings System - Final amount		**(3,255)**	(3,164)	(91)

€ million	2018	2017
1. Dividends received from investment	**138**	222
PartnerRe	41	128
Ferrari	31	28
CNH Industrial	51	41
The Economist Group	15	18
Other	0	7
2. Asset disposals	**32**	357
Banca Leonardo	27	-
Other Assets	5	-
The Black Ant Value Fund	-	354
Investment Funds	-	3
3. Other changes	**(95)**	(192)
Net recurring general expenses	(16)	(22)
Non recurring other expenses	(3)	(6)
Net financial expenses	(64)	(95)
Exit tax payment	0	(146)
Translation exchange differences	(13)	48
Other net changes	1	29

At 31 December 2018 EXOR has irrevocable credit lines in Euro of €400 million, of which €250 million expiring after 31 December 2019, as well as revocable credit lines of €487 million.
At the same date EXOR also has credit lines in foreign currency for a total of $90 million (€79 million) of which $50 million (€44 million) expiring after 31 December 2019.
The residual balance of the irrevocable credit line in foreign currency for the acquisition of PartnerRe ($300 million) was fully repaid in January 2018.

EXOR's long-term and short-term debt ratings from Standard & Poor's are "BBB+" and "A-2", respectively, with a "stable outlook".

9. Issued capital and reserves attributable to owners of the parent

€ million	31/12/2018	31/12/2017	Change
Share capital	**2**	2	0
Reserves	**12,270**	10,803	1,467
Treasury stock	**(62)**	0	(62)
Total	**12,210**	10,805	1,405

Details of changes during the year are as follows:

€million	
31 December 2017 (as previously reported)	**10,805**
Impact resulting from the adoption of IFRS 9 - Financial Instruments and IFRS15 - Revenue from Contracts with Customers[(a)]	**(33)**
1st January 2018 (as adjusted)	**10,772**
Fair value adjustment to investments and other financial assets	(7)
Measurement of EXOR derivative financial instruments	4
Dividend paid by EXOR	(82)
Buyback EXOR treasury stock	(62)
Attributable to other net changes recorded in equity, shown by EXOR Holding System and operating companies accounted for using the equity method:	
- Exchange differences on translation	145
- Remeasurement of defined benefit plans	126
- Buyback treasury stock	(59)
- Share based compensation	51
- Other	(25)
Consolidated profit attributable to owners of the parent	1,347
Net change during the year	**1,438**
Balance at 31 December 2018	**12,210**

(a) Following the retrospective adoption on 1 January 2018 of IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers, EXOR recognized the accumulated transitional effects in retained earnings on the date of initial application. The effects are attributable to FCA (+€6 million) and CNH Industrial (-€39 million).

REVIEW OF THE PERFORMANCE OF THE OPERATING SUBSIDIARIES AND ASSOCIATES

(The percentages indicated for the stakes, voting rights and share capital are calculated on the basis of data as at 31 December 2018)

Set out below is a summary of the comments included in the Management discussion and analysis sections of the annual reports of the operating subsidiaries.

In order to facilitate readers' use and cross reference to the underlying annual reports of the operating subsidiaries, the financial figures presented are extracted from the financial statements of each subsidiary, as published in their respective reporting currency and with their accounting principles.

Data presented in this section may differ from those prepared for EXOR consolidation purposes.

Further information and details of significant events of subsidiaries are shown in the respective companies' reports.

PartnerRe

(99.66% of voting rights; 100% interest in common shareholder's equity through EXOR Nederland N.V.)

Data presented and commented below are derived from PartnerRe's consolidated financial information for the year ended 31 December 2018 prepared in accordance with US GAAP.

	Year		
$ million	2018	2017	Change
Net premiums written	5,803	5,120	683
Non-life combined ratio [(a) (e)]	101.9%	102.3%	
Life and Health allocated underwriting result [(b) (e)]	86	68	18
Net investment return	0.1%	4.2%	
Other expenses	306	348	(42)
Net (loss) income attributable to PartnerRe common shareholders [(c)]	(132)	218	(350)
Net Income ROE [(d)]	(2.2)%	3.6%	

(a) The Company uses a combined ratio to measure results for the Non-life P&C and Specialty segments. The combined ratio is the sum of the technical and other expense ratios.
(b) The Company uses allocated underwriting result as a measure of underwriting performance for its Life and Health segment. This metric is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other expenses.
(c) Net income/loss attributable to PartnerRe common shareholders is defined as net income/loss attributable to PartnerRe less preferred dividends.
(d) Net income ROE is calculated as net income return on average common shareholders' equity.
(e) Effective 1 July 2018 the executive management responsibility and reporting for U.S. Health business was reallocated from the Life and Health segment to the P&C segment as part of an internal organizational change, comparatives have been updated accordingly.

Underwriting result

Net premiums written for the full year 2018 increased to $5.8 billion compared to $5.1 billion in 2017. The increase was primarily due to an increase in Non-Life net premiums written, driven by a 15% increase in the Property and Casualty (P&C) segment and 5% increase in the Specialty segment, as well as a 25% increase in the Life & Health segment. The increase in Life & Health was primarily driven by organic growth and the inclusion of the Aurigen Capital Ltd (Aurigen) life premiums for a full year in 2018 compared to three quarters in 2017, following the acquisition on 2 April 2017.

The Non-life combined ratio of 101.9% for the full year 2018 (102.3% in 2017) was driven by Catastrophic losses of $386 million related to Typhoons Jebi and Trami, Hurricanes Florence and Michael, and California wildfires. These events contributed 9.0 points on the combined ratio in 2018, compared to 14.1 points on the combined ratio in 2017 from losses related to Hurricanes Harvey, Irma and Maria (HIM), and California wildfires of $569 million, net of retrocession and reinstatement premiums.

The Non-life underwriting loss also reflects improvement in attritional losses on the current accident year compared to 2017 and $29 million of other income related to a gain on a commutation transaction of a reserve and reinsurance agreement with Colisee Re during the fourth quarter of 2018. The Non-life combined ratio continued to benefit from net favorable prior year development of $249 million (5.8 points) in 2018 compared to $448 million (11.1 points) for 2017, with both the P&C and Specialty segments experiencing net favorable development.

The Life and Health allocated underwriting result was a gain of $86 million for the full year 2018 compared to a gain of $68 million in 2017, driven by increased profitability and organic growth, including in the acquired Aurigen operation, partially offset by $7 million higher expenses to support the Company's plan to grow the business.

Net investment return for 2018 was $37 million, or 0.1%, which included net investment income of $416 million and interest in earnings of equity method investments of $11 million, partially offset by net realized and unrealized investment losses of $390 million. This compares to a net investment return of $720 million, or 4.2%, for 2017, which included net investment income of $402 million, net realized and unrealized investment gains of $232 million, and interest in earnings of equity method investments of $86 million.

Investments

Net realized and unrealized investment losses of $390 million for the full year 2018 were driven by increases in U.S. risk-free rates and the widening of U.S. and European investment grade corporate spreads. This compares to net realized and unrealized investment gains of $232 million for 2017 which were driven by compression in corporate bond spreads and strong performance in public and private equities, partially offset by the impact of increases in U.S. risk-free rates.

As of 31 December 2018, reinvestment rates were 3.2% compared to the Company's fixed income investment portfolio yield of 2.9% for the fourth quarter of 2018.

Other Income Statement items

Other expenses of $306 million (expense ratio of 5.5%) for the full year 2018 were down $42 million, or 12%, compared to $348 million (expense ratio of 6.9%) for 2017. These decreases were primarily due to lower recurring personnel costs driven by a decrease in full-time equivalent employees as a result of efficiency actions undertaken by the Company, in addition to lower reorganization costs, consulting and facilities costs, partially offset by higher expenses primarily in the Life and Health segment to support the Company's plans to grow the business. The full year 2017 also included $4 million of transaction costs related to the acquisition of Aurigen.

Review of Net income (loss)

Net loss attributable to common shareholder was $132 million for 2018 which was driven by losses related to Typhoons Jebi and Trami, Hurricanes Florence and Michael, and California wildfires of $386 million and net realized and unrealized investment losses on fixed maturities and short-term investments of $376 million, partially offset by net foreign exchange gains of $119 million. This compared to net income of $218 million for 2017, which included losses related to Hurricanes Harvey, Irma and Maria and California wildfires of $569 million, net realized and unrealized investment gains on fixed maturities and short-term investments of $153 million and net foreign exchange losses of $108 million.

Balance sheet and capitalization

$ million	31.12.2018	31.12.2017	Change
Debt	1,412	1,448	(36)
Preferred shares, aggregate liquidation value	704	704	0
Common shareholders' equity	5,812	6,041	(229)
Total Capital	7,929	**8,193**	(264)

Total capital of $7.9 billion at 31 December 2018, down 3.2% compared to 31 December 2017, primarily due to the net loss for 2018, dividends on preferred and common shares, the impact of the foreign currency translation adjustment and a decrease in Euro debt from foreign exchange movements.

Debt decreased by $36 million primarily due to the impact of foreign exchange on the Company's Euro denominated debt.
Common shareholder's equity (or book value) of $5.8 billion and tangible book value of $5.2 billion at 31 December 2018 both decreased by 3.8% compared to 31 December 2017, primarily due to the net loss for 2018, dividends on common shares and the foreign currency translation adjustment. Book value, excluding dividends on common shares for 2018, was $5.9 billion at 31 December 2018, down 3.0% compared to 31 December 2017. Dividends declared and paid by PartnerRe to EXOR Nederland N.V. were $48 million for the full year 2018.

Total investments and cash and cash equivalents were $16.3 billion at 31 December 2018, down 1.6% compared to 31 December 2017. The funds held–directly managed account of $0.4 billion and related guaranteed reserves of $0.4 billion as of 31 December 2017 were settled upon commutation of the related business in the fourth quarter of 2018.

Cash and cash equivalents and fixed maturities and short-term investments, which are government issued or investment grade fixed income securities, were $13.5 billion at 31 December 2018, representing 83% of the cash and cash equivalents and total investments.

The average credit rating and expected average duration of the fixed income portfolio at 31 December 2018 was A and 3.9 years, respectively, while the average duration of the Company's liabilities was 4.8 years.

Reconciliation of reported US GAAP financial information to IFRS financial information used for line-by-line consolidation purposes

The differences between the US GAAP net loss ($132 million) and the IFRS net loss ($124 million) are immaterial and related only to the economic effects of the application of the acquisition method by EXOR to account for the acquisition.

2019 Outlook

Excluding the impacts of any significant catastrophe and other large losses and/or increases in interest rates or credit spreads, PartnerRe expects to continue to generate positive underwriting and investing returns. PartnerRe, and some of its peers within the reinsurance industry, do not provide earnings guidance given its reinsurance results are largely exposed to low frequency and high severity risk events. Some of these risk events are seasonal, such that results for certain periods may include unusually low loss experience, while results for other periods may include modest or significant catastrophe losses. In addition, PartnerRe's investment results are exposed to changes in interest rates, credit spreads, and capital markets in general, which result from fluctuations in general economic and financial market conditions. As a result, PartnerRe's profitability in any one period or year is not necessarily predictive or indicative of future profitability or performance.

(28.98% stake, 42.11% of voting rights on issued capital)

The key consolidated data of FCA for 2018, including Magneti Marelli, are presented below:

	Year		Change	
€million	**2018**	2017	Amount	%
Net revenues	**115,410**	110,934	4,476	+4
Adjusted EBIT[(1)]	**7,284**	7,054	230	+3
Net Profit	**3,632**	3,510	122	+3
Net Industrial cash (debt)[(2)]	**1,872**	(2,390)	4,262	n.s.

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT excludes certain adjustments from Net profit including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expenses/(benefit).

(2) At 31 December 2018 and at 31 December 2017. Net industrial cash (debt) is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) current available-for-sale and held-for-trading securities, (iii) current financial receivables from Group or jointly controlled financial services entities and (iv) derivative financial assets and collateral deposits; therefore, debt, cash and other financial assets/liabilities pertaining to financial services entities are excluded from the computation of Net industrial cash (debt).

Group results – excluding Magneti Marelli

As a result of the announced sale of Magneti Marelli and, in accordance with IFRS, Magneti Marelli is presented as a discontinued operation in the financial statements for the year ended 31 December 2018, with the comparative amounts restated. The remaining Components activities are no longer considered a separate reportable segment and are included within "Other activities".

	Year		Change	
€million	**2018**	2017	Amount	%
Net revenues, continuing operations	**110,412**	105,730	4,682	+4
Adjusted EBIT[(1)], continuing operations	**6,738**	6,609	129	+2
Net Profit from continuing operations	**3,330**	3,291	39	+1
Net Industrial cash (debt)[(2)]	**1,872**	(2,390)	4,262	n.s.

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT excludes certain adjustments from Net profit including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expenses/(benefit).

(2) At 31 December 2018 and at 31 December 2017. Net industrial cash (debt) is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) current available-for-sale and held-for-trading securities, (iii) current financial receivables from Group or jointly controlled financial services entities and (iv) derivative financial assets and collateral deposits; therefore, debt, cash and other financial assets/liabilities pertaining to financial services entities are excluded from the computation of Net industrial cash (debt).

Net revenues and Adjusted EBIT

Net revenues			Adjusted EBIT	
Years ended 31 December			Years ended 31 December	
2018	2017	€million	**2018**	2017
72,384	66,094	NAFTA	6,230	5,227
8,152	8,004	LATAM	359	151
2,703	3,250	APAC	(296)	172
22,815	22,700	EMEA	406	735
2,663	4,058	Maserati	151	560
1,695	1,624	Other activities, unallocated items and adjustments	(112)	(236)
110,412	**105,730**	**Total continuing operations, excluding Magneti Marelli**	6,738	6,609
4,998	**5,204**	Magneti Marelli, net of inter-company elimination [(1)]	546	445
115,410	**110,934**	**Total including Magneti Marelli**	7,284	7,054

(1) In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, depreciation and amortization on the assets of Magneti Marelli ceased as at 30 September 2018. The impact of ceasing depreciation and amortization for the three months ended 31 December 2018 was €96 million, net of tax of €20 million.

NAFTA

Higher Net revenues primarily due to positive effects from volumes and net pricing, partially offset by negative foreign currency translation effects. Adjusted EBIT increase due to positive net pricing, favorable mix and higher volumes, partially offset by increased product content and launch costs related to new vehicles.

LATAM

Net revenues up slightly primarily due to higher shipments, mix and net pricing, partially offset by negative foreign exchange translation effects and weakening Argentine peso. Adjusted EBIT increase mainly as a result of higher volumes, favorable mix and positive net pricing, partially offset by negative foreign exchange effects and higher industrial and advertising costs related to new vehicles.

APAC

Net revenues decrease due to unfavorable mix, pricing actions and foreign currency translation effects. Decrease in Adjusted EBIT primarily due to lower net revenues and lower results from China JV, as well as the benefit of the Tianjin port explosions final insurance recovery of €93 million included in prior year results

EMEA

Net revenues flat, with favorable mix offset by lower volumes and negative net pricing. Adjusted EBIT decrease primarily due to negative net pricing, lower volumes and impacts from the transition to WLTP car type approval particularly in the second half of the year, as well as higher advertising to support Jeep brand growth, partially offset by industrial cost savings.

Maserati

Net revenues decrease primarily due to lower volumes and unfavorable market mix. Adjusted EBIT decrease primarily due to lower volumes, increased depreciation and amortization unfavorable FX, partially offset by lower marketing expense.

Net industrial cash (debt)

Up €4.3 billion from 31 December 2017 to a net industrial cash position of €1.9 billion at 31 December 2018, reflecting improved industrial free cash flows partially offset by accelerated discretionary pension contribution.

€ million	**31/12/2018**	**31/12/2017**
Debt	**(14,705)**	**(17,971)**
Current financial receivables from jointly-controlled financial services companies	**242**	285
Derivative financial assets (liabilities) net and collateral deposits	**151**	206
Current debt securities	**219**	176
Cash and cash equivalents	**13,175**	12,638
Net Cash (debt)	**(918)**	**(4,666)**
Exclude: Net financial services debt	**2,790**	2,276
Net industrial cash (debt)	**1,872**	**(2,390)**

2019 Outlook[(1)]

Guidance for 2019 is listed below:

- Adjusted EBIT >€6.7 with margin >6.1%, both up from 2018 (2018:€6.7 billion with margin at 6.1%)
- Adjusted diluted EPS >€2.70, reflecting higher effective tax rate, principally in the U.S. (2018:€3.00 per share)
- Industrial free cash flows >€1.5 billion, down from 2018 due to higher capital expenditures and cash payments for fines and other costs in connection with the U.S. diesel emissions settlement (2018: €4.4 billion).

(1) Amounts do not include any impacts from the spin-off of the Magneti Marelli business.

(22.91% stake and 32.75% of voting rights on issued capital)

Key consolidated data of Ferrari reported in the year 2018 are as follows:

	Year		Change
€ milioni	**2018**	2017	amount
Shipments (in units)	**9,251**	8,398	853
Net revenues	**3,420**	3,417	3
EBIT	**826**	775	51
Adjusted EBIT(1)	**825**	775	50
Net profit	**787**	537	250
Net Industrial debt(2)	**340**	473	(133)

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as EBIT less income and costs which are significant in nature but expected to occur infrequently.
(2) Refer to specific section below.

Shipments

Shipments totaled 9,251 units in the year 2018 with an increase of 853 units (+10.2%) compared to the prior year. This achievement was driven by a 19.6% increase in sales of the 12-cylinder models (V12), while the 8-cylinder models (V8) grew by 7.3%. The V12 performance was mainly led by the 812 Superfast, partially offset by lower sales of La Ferrari Aperta that finished its limited series run. V8 performance was led by the ramp up of the Ferrari Portofino as well as the newly launched special series 488 Pista.

	Year			
units	**2018**	2017	Change	
EMEA	**4,227**	3,737	490	13%
Americas	**3,000**	2,811	189	7%
China, Hong Kong and Taiwan	**695**	617	78	13%
Rest of APAC	**1,329**	1,233	96	8%
Shipments	**9,251**	8,398	853	10%

Net revenues

Net revenues for 2018 increased by a few million to €3,420 million (+0.1% at current currency and +3.2% at constant currency compared to the prior year.

Revenues in Cars and spare parts were €2.535 million (+3.2% at current currency or +6.9% at constant currency compared to prior year), supported by higher volumes led by the 812 Superfast, as well as the ramp up of the Ferrari Portofino and the 488 Pista. Additionally, pricing and personalization programs positively contributed along with deliveries of the Ferrari J50 and first deliveries of the FXX K EVO, which was partially offset by lower sales of LaFerrari Aperta.

The erosion in Engines revenues (€284 million, -23.8% at current currency and constant currency) reflected lower shipments to Maserati.

Sponsorship, commercial and brand revenues (€506 million, +2.4% at current currency or 5.3% at constant currency) were up thanks to stronger revenues from sponsorship as well as a higher 2017 championship ranking compared to 2016, partially offset by lower sales generated by other brand related activities.

€ million	Year		Change at	
	2018	2017	current currency	constant currency
Car and spare parts	**2,535**	2,456	79	2,377
Engines	**284**	373	(89)	462
Sponsorship, commercial and brand	**506**	494	12	482
Other	**95**	94	1	93
Net revenues	**3,420**	3,417	3	3,414

EBIT

EBIT for 2018 was €826 million, an increase of €51 million, (+6.6%), from €775 million for 2017; the increase in EBIT was primarily attributable to the combined effects of positive volume impact (€118 million): a positive contribution from other supporting activities of €26 million, a decrease in research and development costs of €14 million and in selling, general and administrative costs of €2 million, partially offset by a negative product mix of €17 million and negative foreign currency exchange impact of €92 million (including foreign currency hedging instruments) primarily driven by fluctuations in the U.S. Dollar, the Pound Sterling and the Japanese Yen compared to the Euro).

The positive volume impact of €118 million was attributable to an increase in total shipments, driven by the 812 Superfast, the Ferrari Portofino and the 488 Pista. The negative product mix of €17 million was primarily attributable to the combined impact of lower sales of LaFerrari Aperta and the strong performance of the Ferrari Portofino, partially offset by the 812 Superfast, as well as pricing increases and deliveries of the strictly limited-edition Ferrari J50 and the FXX K EVO. The positive contribution from other supporting activities of €26 million was primarily attributable to sponsorship activities, a higher 2017 championship ranking compared to 2016 and a favorable ruling on a prior year's legal dispute, partially offset by a lower contribution from other brand related activities and engines supplied to Maserati.

Net industrial debt

Net industrial debt at 31 December 2018, after €100 million of share buybacks, was €340 million (-28.0%) compared to €473 million at 31 December 2017.

€ million	**31/12/2018**	30/06/2018	31/12/2017
Net industrial debt(1)	**(340)**	(472)	(473)
Funded portion of the self-liquidating financial receivables portfolio	**793**	731	685
Net debt	**(1,133)**	(1,203)	(1,158)
Cash and cash equivalents	**794**	650	648
Gross debt	**(1,927)**	(1,853)	(1,806)

(1) Net industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

2019 Outlook

Ferrari Group is expecting the following performance in 2019:

- Net revenues: more than €3.5 billion, over 3% growth compared to 2018
- Adjusted EBITDA: €1.2 billion – €1.25 billion, approximately 10% growth compared to 2018
- Adjusted EBIT: €0.85 billion – €0.9 billion, approximately 6% growth compared to 2018
- Adjusted diluted EPS: €3.50 – €3.70 per share, approximately 6% growth compared to 2018
- Industrial free cash flow: approximately €0.45 billion, over 10% growth compared to 2018

CNH INDUSTRIAL

(26.89% stake, 41.68% of voting rights on issued capital)

Key consolidated data of CNH Industrial for the year 2018 are as follows:

	Year		Change
$ million	2018	2017 (1)	
Revenues	**29,736**	27,624	2,112
Revenues in €	***25,179***	*24,739*	*440*
Adjusted EBIT(2)	**2,028**	1,507	521
Net income (loss)(3)	**1,399**	456	943
of which attributable to owners the parents	***1,368***	*439*	*929*
Net Industrial Debt(4)	**(640)**	(1,023)	383

(1) 2017 data have been recast following the retrospective adoption, on 1 January 2018, of the updated accounting standard for revenue recognition (IFRS 15).
(2) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as profit/(loss) before taxes, financial income (expense) of financial activities, restructuring costs, and certain non- recurring items.
(3) 2018 includes a gain of €446 million related to the modification of a healthcare plan in the U.S.
(4) Net Industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

Revenues

Revenues in the year 2018 were $29.736 million, an increase of 7.6% (up 8.5% on a constant currency basis) compared to 2017, primarily due to an improvement in net revenues in each segment of Industrial Activities which were $27,927 million in 2018, an increase of 8.4% (up 9.1% on a constant currency basis) compared to the prior year.
Net revenues for Agricultural Equipment were $11,786 million in 2018, a 10.3% increase (up 13.5% on a constant currency basis) compared to 2017. The increase was driven by a sustained price realization performance, coupled with a stabilization of end-user demand in most of our markets, including emerging evidence of a replacement cycle in the row crop sector in North America. For 2018, worldwide agricultural equipment industry unit sales increased 3%. In North America, industry volumes in the over 140 h.p. tractor market sector were up 5% and combines were up 10%. Industry volumes for under 140 h.p. tractors were up 6%. EMEA markets were down 8% for tractors and up 4% for combines. LATAM tractor industry volumes decreased 1% and combine industry volumes increased 10%. APAC markets increased 3% for tractors and 2% for combines.

Net revenues for Construction Equipment were $3,021 million in 2018, a 19.4% increase (up 20.2% on a constant currency basis) compared to 2017, primarily due to increased end-user demand in all regions and favorable net price realization. In 2018, Construction Equipment's worldwide heavy industry volumes were up 20% and light industry volumes were up 17% compared to 2017. Overall industry volumes increased in all regions.

Commercial Vehicles net revenues were $10,933 million in 2018, an increase of 3.5% compared to 2017 (up 2.4% on a constant currency basis), as a result of positive pricing and a favorable product mix.

Powertrain net revenues were $4,557 million in 2018, an increase of 4.3% (up 2.8% on a constant currency basis) compared to 2017, due to higher sales volume in engine applications. Sales to external customers accounted for 50% of total net revenues (48% in 2017).

Financial Services reported net revenues of $1,996 million in 2018, a 1.6% decrease (up 1.7% on a constant currency basis) compared to 2017, primarily due to a lower average portfolio balance in North America.

$ million	Year 2018	2017 (1)	% change
Agricultural Equipment	**11,786**	10,683	10.3
Construction Equipment	**3,021**	2,530	19.4
Commercial Vehicles	**10,933**	10,562	3.5
Powertrain	**4,557**	4,371	4.3
Eliminations and other	**(2,370)**	(2,375)	-
Total Industrial Activities	**27,927**	25,771	8.4
Financial Services	**1,996**	2,028	-1.6
Eliminations and other	**(187)**	(175)	-
Revenues	**29,736**	27,624	7.6

(1) 2017 data have been recast following the retrospective adoption, on 1 January 2018, of the updated accounting standard for revenue recognition (IFRS 15).

Adjusted EBIT

Adjusted EBIT of Industrial Activities was up 48.1% to $1,496 million in 2018, compared to $1,010 million in 2017, with an Adjusted EBIT margin of 5.4%, up 1.5 percentage points ("p.p.") compared to 2017.

Adjusted EBIT for Agricultural Equipment was $1,098 million in 2018, a $386 million increase compared to $712 million in 2017. The increase was mainly due to positive net price realization and favorable volume in most of our regions. Adjusted EBIT margin increased 2.6 p.p. to 9.3%. The Company continues to invest in its product development program for precision farming and compliance with Stage V emissions requirements.

Adjusted EBIT of Construction Equipment was $69 million in 2018, a $120 million increase compared to 2017. Adjusted EBIT margin increased 4.3 p.p. to 2.3%. The increase was due to higher sales volume, favorable mix and positive net price realization, more than offsetting raw material cost increases, mainly in North America.

Adjusted EBIT of Commercial Vehicles was $285 million in 2018, a 57.5% increase compared to 2017, mainly due to a favorable product mix in light duty trucks and buses, and to the focus on sales of alternative propulsion solutions in heavy duty trucks. Positive price realization in trucks and manufacturing efficiencies also contributed to the improved results. Adjusted EBIT margin increased 0.9 p.p. to 2.6%.

Adjusted EBIT of Powertrain was $385 million in 2018, a $23 million increase compared to $362 million in 2017. The improvement was mainly due to a favorable product mix and manufacturing efficiencies, partially offset by higher product development spending. Adjusted EBIT margin increased 0.1 p.p. to 8.4% compared to 2017.

$ million	Year 2018	2017 (1)	Change amount	*2018 adjusted EBIT margin*	*2017 adjusted EBIT margin*
Agricultural Equipment	**1,098**	712	386	9.3%	6.7%
Construction Equipment	**69**	(51)	120	2.3%	-2.0%
Commercial Vehicles	**285**	181	104	2.6%	1.7%
Powertrain	**385**	362	23	8.4%	8.3%
Unallocated items, eliminations and other	**(341)**	(194)	(147)	-	-
Total Industrial Activities	**1,496**	1,010	486	5.4%	3.9%
Financial Services	**532**	497	35	26.7%	24.5%
Eliminations and other	**-**	-	-	-	-
Adjusted EBIT	**2,028**	1,507	521	6.8%	5.5%

(1) Concurrently with the changes following the adoption of the new accounting standards, CNH Industrial reviewed the metrics on which the operating segments will be assessed. Starting in 2018, the Chief Operating Decision Maker began to assess segment performance and make decisions about resource allocation based upon Adjusted EBIT and Adjusted EBITDA.

Net industrial debt

Net industrial debt at 31 December 2018 was $640 million compared to $1,023 million at 31 December 2017. The decrease was primarily due to a significant cash generation from operating activities of $0.6 billion and to positive foreign exchange translation impacts on euro denominated debt, partially offset by dividend payments and by purchase of treasury shares.

$ million		31/12/2018	31/12/2017 [1]	Change
Third party debt[1]		**(24,543)**	(26,014)	1,471
Cash and cash equivalents		**5,803**	6,200	(397)
Other/financial asset/(liabilities)[2]		**(10)**	(21)	11
(Net debt)/Cash[3]		**(18,750)**	(19,835)	1,085
	Industrial Activities	**(640)**	(1,023)	383
	Financial Services	**(18,110)**	(18,812)	702

(1) As a result of the role played by the central treasury, debt for industrial Activities also includes funding raised by the central treasury on behalf Financial Services.
(2) Including fair value of derivative financial instruments.
(3) The net intersegment receivable/payable balance owed by Financial Services to Industrial Activities was $71 million and $642 million as of 31 December 2018 and 31 December 2017, respectively.

2019 Outlook (US GAAP)[1]

The performance achieved in 2018 confirms CNH Industrial on track with a profitable growth trajectory, despite a softer macroeconomic and business environment in the second part of the year, caused by escalating trade tensions and related tariffs across global markets, other economic and political uncertainties (including those concerning the outcome of the Brexit negotiations), and a general expectation of a slowdown in global economic growth. In addition, the emerging megatrends in the industries where CNH Industrial competes, such as digitalization, automation, and electrification, entail a re-assessment of the go to market approach and of the capital investment requirements in new technologies for new products and customer solutions. Subject to this evolving scenario, CNH Industrial is defining 2019 guidance as follows:

- Net sales of Industrial Activities at approximately $28 billion
- Adjusted diluted EPS[2] up between 5% and 10% to previous year at a range of $0.84 to $0.88 per share
- Net industrial debt at the end of 2019 between $0.4 billion and $0.2 billion, with investments in research and development expected to increase over 5% and in capital expenditures by over 25% compared to 2018, with a growing portion of this spend to support development on key megatrends (digitalization, electrification, automation and servitization) and engine regulatory capital investments.

(1) 2019 guidance does not include any impacts deriving from the gain resulting from the modification of the healthcare plan in the U.S. previously mentioned and anticipated on April 16, 2018, as this gain has been considered non-recurring and therefore treated as an adjusting item for the purpose of the adjusted diluted EPS calculation. In addition, 2019 guidance does not include any impacts deriving from possible further repurchases of Company's shares under the plan authorized by the AGM on 13 April 2018.

(2) Outlook is not provided on diluted EPS, the most comparable GAAP financial measure of this non-GAAP financial measure, as the income or expense excluded from the calculation of adjusted diluted EPS and instead included in the calculation of diluted EPS are, by definition, not predictable and uncertain.

(63.77% of share capital)

The results for the first half of the financial year 2018/2019 of Juventus Football Club S.p.A. are as follow:

	I Half		
€ million	**2018/2019**	2017/2018	Change
Revenues	**330**	291	39
Operating costs	**(227)**	(179)	(48)
Operating income	**17**	51	(34)
Profit for the period	**7**	43	(36)

€ million	**31/12/2018**	31/12/2017	Change
Shareholders' equity	**80**	137	(57)
Net financial debt	**384**	280	104

For a correct interpretation of the data it should be noted that the financial year of Juventus does not coincide with the calendar year but runs the period 1 July – 30 June, which corresponds to the football season. The accounting data under examination thus represents the first half of operations for the financial year 2018/2019.
Interim data prepared only for EXOR consolidated reporting purpose and cannot be construed as representing the basis for a Juventus full-year projection.
Profit performance is characterized by the highly seasonal nature typical of the sector, determined mainly by the calendar of football events and the two phases of the players' Transfer Campaign.
The financial position and cash flows of the company are also affected by the seasonal nature of the income components; in addition, some revenue items are collected in a period different from the period to which they refer.

The first half of the 2018/2019 financial year closed with a profit of €7 million, posting a negative change of €36 million compared to the profit of €43 million registered in the same period of the prior year.
The negative change was mainly due to lower revenues from players' registration rights, down €18 million, increased costs for players and staff for €38 million, higher amortization and depreciation on players' rights for €25 million, increased costs for the acquisition of materials intended for sale for €6 million, increased other expenses for €3 million, increased costs for external services for €3 million and increased in other costs for €3 million. These changes were partially offset by increased operating revenues, €57 million, and lower expenses from players' registration rights, down €4 million. Other negative changes of €1 million concerned principally increased provisions.

2019 Outlook

The 2018/2019 financial year of Juventus, currently forecast to end in a loss, will be as usual strongly influenced by the performance of sports results and in particular the UEFA Champions League.

SUBSEQUENT EVENTS AND 2019 OUTLOOK

SUBSEQUENT EVENTS AND 2019 OUTLOOK

Subsequent events of the Holdings System

EXOR share buyback Program

In the course of 2019 EXOR continued to purchase ordinary shares under the program approved for a total amount of €94,623 thousand.
At 15 March 2019, the Company holds 8,414,646 ordinary shares in treasury (3.49% of issued capital).

Dividends and distribution of reserves received in the year 2019

The dividends and distributions of reserves already approved by or collected from some investment holdings are as follow.

Investee company	Share class	Number of shares	Dividends Per share (€)	Dividends Total (€/ml)
FCA N.V.[a]	ordinary	449,410,092	0.65	292
CNH Industrial N.V.	ordinary	366,927,900	0.18	66
Ferrari N.V.	ordinary	44,435,280	1.03	46
PartnerRe Ltd.[b]	common	100,000,000	n/a	70
Holdings System's share of dividends				**474**

(a) FCA has declared the intention to distribute an extraordinary dividend of €2 billion (EXOR pro-quota approx. €580 million) after the closing of Magneti Marelli disposal.
(b) $ 80 million converted at the exchange rate of €/$ 1.387 at 21 March 2019.

2019 Outlook

EXOR N.V. does not prepare budgets or business plans nor does it publish forecast data or data on the basis of which it is possible to calculate forecast data.

Certain EXOR operating subsidiaries (FCA, Ferrari and CNH Industrial) publish forecast data on their performance. Other operating subsidiaries (PartnerRe and Juventus Football Club) publish information on the foreseeable outlook. Additional information is provided under “Review of performance of the Operating Subsidiaries” in the Board Report.
The forecast data and information of the aforementioned operating companies are drawn up autonomously and communicated by the respective companies and are not homogeneous. Quantitative forecast disclosures prepared by these operating companies and the type of information provided, as well as the underlying assumptions and calculation methods vary according to the accounting principles applicable to each subsidiary and the conventional application practices in the respective sector of reference.
EXOR N.V. in fact, is a holding company without a specific business of reference, head of a diversified and non-integrated group that operates in different segments and does not exercise direction and coordination activities over its subsidiaries, which operate in a completely independent manner.

EXOR N.V. deems that the forecast data and information of the subsidiaries are not significant or suitable for the purposes of providing indications about the prospective economic trend of EXOR N.V.’s operations nor represent a forecast or estimate of the company’s results and that therefore in assessing EXOR N.V.’s future prospects it is not possible to rely on the data and prospective information published by the aforesaid operating subsidiaries.

27 March 2019

The Board of Directors

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

Annemiek Fentener Van Vlissingen

António Horta-Osório

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

Introduction

EXOR N.V. (“EXOR” or the “Company”) is a public limited liability company (*naamloze vennootschap*), incorporated under the laws of the Netherlands and its shares are listed in Italy on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (the “MTA”). The Company’s legal and tax residence is the Netherlands.

Capital Structure

Structure of share capital

Share class	Number of shares	Listing market	Rights and obligations
Ordinary shares[1]	241,000,000	MTA/Borsa Italiana	

Treasury shares per 31 December 2018 held by the Company: 6,709,893.

Economic and administrative rights

Each EXOR ordinary share entitles its holder to one vote at general meetings of shareholders – ordinary and extraordinary – as well as to the economic and administrative rights according to the applicable provisions of law and of the Company’s articles of association (the “Articles of Association”).

Issuance of shares

Shares may be issued pursuant to a resolution of the general meeting of shareholders. This competence concerns all non-issued shares of the Company’s authorized capital, except insofar as the competence to issue shares is vested in the board of directors (the “Board of Directors”) by a resolution of the general meeting of shareholders to this extent.

Shares may be issued pursuant to a resolution of the Board of Directors, if and insofar as the Board of Directors is designated to do so by the general meeting of shareholders. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors.
A resolution of the general meeting of shareholders to designate the Board of Directors as a body of the Company authorized to issue shares can only be withdrawn upon proposal of the Board of Directors.

By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been designated as the competent body to issue ordinary shares and to grant rights to subscribe for shares for a term of five (5) years with effect from 11 December 2016. The Board of Directors has been authorized to increase the share capital with such number of shares for a nominal value up to five million Euro (Euro 5,000,000.00) and to issue convertible bonds for an aggregate issue price up to one billion Euro (Euro 1,000,000,000.00), and to issue the underlying ordinary shares (or granting of rights to subscribe for such underlying ordinary shares) pursuant to the applicable conversion ratio.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than Euro may only be made with the consent of the Company.

Upon the issuance of ordinary shares, each holder of ordinary shares will have pre-emptive rights in proportion to the aggregate nominal value of his ordinary shares. A shareholder will not have pre-emptive rights in respect of ordinary shares issued against a non-cash contribution. Nor will the shareholder have pre-emptive rights in respect of ordinary shares issued to employees of the Company or of a group company (*groepsmaatschappij*).

Prior to each individual issuance of ordinary shares, pre-emptive rights may be restricted or excluded by a resolution of the general meeting of shareholders. However, with respect to an issue of ordinary shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the general meeting of shareholders.
By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares for a term of five (5) years with effect from 11 December 2016.

[1] The ordinary shares are registered shares, freely transferable and issued in electronic form. Shares are managed through the centralized clearing system organized by Monte Titoli.

Holders of Special Voting Shares have no pre-emptive rights on the issuance of shares of any class and with respect to the issuance of Special Voting Shares no pre-emptive rights exist.

The general meeting of shareholders or the Board of Directors, as the case may be, shall decide – when passing the resolution to issue shares or rights to subscribe for shares – in which manner the shares shall be issued and, to the extent that rights of pre-emption apply, within what period those rights may be exercised.

Special Voting Structure

In order to foster the development and continued involvement of a core and stable base of long-term shareholders in a manner that reinforces the group's stability, as well as providing EXOR with enhanced flexibility when pursuing strategic investment opportunities in the future, the Articles of Association provide for a special-voting structure (the "Special Voting Structure"). The purpose of the Special Voting Structure is to reward long-term ownership of EXOR ordinary shares by granting long-term EXOR shareholders with special voting shares to which multiple voting rights are attached additional to the right granted by each EXOR ordinary share held.

More precisely, according to the Special Voting Structure:

(i) after 5 years of uninterrupted ownership of EXOR ordinary shares held in the Loyalty Register (as defined below), each EXOR shareholder will be entitled to 5 voting rights for each EXOR ordinary share and, to this purpose, will receive – and EXOR will issue – one special voting share, to which 4 voting rights are attached, and with a nominal value of Euro 0.04 ("Special Voting Share-A"), additional to each EXOR ordinary share owned (to which 1 voting right is attached); and

(ii) after 10 years of uninterrupted ownership of EXOR ordinary shares held in the Loyalty Register (as defined below), each EXOR shareholder will be entitled to 10 votes for each EXOR ordinary share and, to this purpose, each Special Voting Share-A held will be converted into one special voting share B, to which 9 voting rights are attached, and with a nominal value of Euro 0.09 ("Special Voting Share-B"), additional to each EXOR ordinary share owned (to which 1 voting right is attached).

Special Voting Shares-A and Special Voting Shares-B, which are collectively referred to as "Special Voting Shares", will not be tradable and will have only minimal economic entitlements.

Application for Special Voting Shares – Loyalty Register

A shareholder may at any time opt to become eligible for Special Voting Shares by requesting the agent (the "Agent") referred to Article 3.3 of the Terms and Conditions for Special Voting Shares (the "SVS Terms"), acting on behalf of the Company, to register one or more ordinary shares in the loyalty register (the "Loyalty Register") maintained by the Company pursuant to the SVS Terms. Such request will need to be made by the relevant shareholder via its intermediary, by submitting (i) a duly completed form (the "Election Form") and (ii) an intermediary confirmation statement attesting the uninterrupted holding of EXOR ordinary shares, pursuant to the SVS Terms.

Together with the Election Form, the relevant shareholder must submit a duly signed power of attorney, irrevocably instructing and authorizing the Agent to act on his behalf and to represent him in connection with the issuance, allocation, acquisition, conversion, sale, repurchase and transfer of Special Voting Shares in accordance with and pursuant to the SVS Terms (the "Power of Attorney").

Upon receipt of the Election Form, the intermediary's confirmation and the Power of Attorney, the Agent will examine the same and use its reasonable efforts to inform the relevant shareholder, through his intermediary, as to whether the request is accepted or rejected (and, if rejected, the reasons why) within ten business days of receipt of the above-mentioned documents. The Agent may reject a request for reasons of incompleteness or incorrectness of the Election Form, the Power of Attorney or the broker's confirmation or in case of serious doubts with respect to the validity or authenticity of such documents. If the Agent requires further information from the relevant shareholder in order to process the request, then such shareholder shall provide all necessary information and assistance required by the Agent in connection therewith.

EXOR ordinary shares for which a shareholder has issued a request for registration in the Loyalty Register – as well as ordinary shares already registered – are referred to as "Electing Ordinary Shares".

Allocation of Special Voting Shares

For the sake of clarity, as of the effective date of the Merger (i.e. 11 December 2016) no Special Voting Shares were issued by EXOR. As a consequence, assuming that a request for registration of EXOR ordinary shares in the Loyalty Register was made at the effective date of the Merger, the requesting shareholder will be entitled to receive Special Voting Shares-A only after 5 years from the abovementioned registration in the Loyalty Register.

As per the date on which an EXOR ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee (as defined under the SVS Terms) for an uninterrupted period of five years (the “SVS A Qualification Date”), such Electing Ordinary Share will become a “Qualifying Ordinary Share A” and the holder thereof will be entitled to acquire one Special Voting Share A in respect of each of such Qualifying Ordinary Share A.
As per the date on which an EXOR ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee for an uninterrupted period of ten years (the “SVS B Qualification Date”), such Electing Ordinary Share – which, in the meantime, will have become a Qualifying Ordinary Share A – will become a “Qualifying Ordinary Share B”. Qualifying Ordinary Shares A and Qualifying Ordinary Shares B are collectively referred to as “Qualifying Ordinary Shares”.

On the SVS B Qualification Date, the Agent will, on behalf of the Company, issue a conversion statement pursuant to which the Special Voting Shares A corresponding to the number of Qualifying Ordinary Shares B will automatically convert into an equal number of Special Voting Shares B.

Transfer of Electing Ordinary Shares, Qualifying Ordinary Shares and Special Voting Shares; removal from the Loyalty Register

According to the SVS Terms and during the time in which Electing Ordinary Shares or Qualifying Ordinary Shares are held in the Loyalty Register, these cannot be sold, disposed of or transferred unless to a Loyalty Transferee.

No shareholder shall, directly or indirectly, (a) sell, dispose of or transfer any Special Voting Share or otherwise grant any right or interest therein, unless the shareholder is obliged to transfer Special Voting Shares to a Loyalty Transferee, or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Special Voting Share or any interest in any Special Voting Share.

As described above, anyone holding Electing Ordinary Shares or Qualifying Ordinary Shares may request at any time that all or part of their Electing Ordinary Shares or Qualifying Ordinary Shares be removed from the Loyalty Register and be transferred to the ordinary trading system, so as to enable the shareholder to freely dispose of their EXOR shares as indicated below. Starting from the time the abovementioned request is made, it shall be considered that the person holding Qualifying Ordinary Shares has waived the attribution of the voting rights associated with the Special Voting Shares issued and attributed in relation to the Qualifying Ordinary Shares.

Each of the abovementioned requests shall result in a compulsory transfer by effect of which the Special Voting Shares shall be offered and transferred to EXOR without any consideration (*om niet*) under the Articles of Association and the SVS Terms. EXOR may keep the Special Voting Shares as treasury shares, but shall not be entitled to exercise the related voting rights. Alternatively, EXOR may withdraw and cancel the Special Voting Shares and by this effect the nominal value of those shares shall be allocated to the special capital reserve of EXOR. Therefore, the voting rights embodied in Special Voting Shares shall cease to apply with reference to the related Qualifying Ordinary Shares removed from the Loyalty Register.

Each shareholder holding Qualifying Ordinary Shares shall promptly notify EXOR about the occurrence of an event of Change of Control (as defined under the SVS Terms) which concerns the same. A shareholder’s Change of Control causes the related Qualifying Ordinary Shares to be removed from the Loyalty Register. The voting rights attaching to Special Voting Shares and assigned in relation to the corresponding Qualifying Ordinary Shares shall be suspended with immediate effect as a result of any event of Change of Control, directly or indirectly, related to each holder of Qualifying Ordinary Shares held in the Loyalty Register.

Other characteristics of Special Voting Shares

Issuance of Special Voting Shares does not require qualified shareholders to correspond their nominal value to EXOR. Pursuant to Article 13.4 of the Articles of Association, EXOR maintains a separate reserve (the “Special Capital Reserve”) to pay-up Special Voting Shares. The Board of Directors is authorized to credit or debit the Special Capital Reserve at the expense or in favour of the Company’s general share premium reserve. If the Board of Directors so decides, Special Voting Shares can be issued at the expense of the Special Capital Reserve *in lieu* of an actual payment for the shares concerned.

However, the holder of Special Voting Shares issued at the expense of the Special Capital Reserve may at any time substitute the charge of the Special Capital Reserve by making an actual payment to the Company in respect of the shares concerned (in accordance with payment instructions provided by the Board of Directors on request) in an amount equal to the nominal value of such Special Voting Shares (such shares being defined as "Special Voting Shares paid-up in cash").

As anticipated, Special Voting Shares have minimal economic entitlement. Under Dutch law, in fact, Special Voting Shares cannot be excluded – as a whole – from the assignment of economic rights. Consequently, in accordance with Article 28.2 of the Articles of Association, holders of Special Voting Shares paid-up in cash will be entitled to the payment of an annual dividend equal to one per cent (1%) of the amount actually paid for such shares in accordance with the above, provided, however, that profits realized with respect to the financial year concerned are not fully appropriated to increase and/or form reserves. Actual payments made during the financial year to which the dividend relates will not be counted.

In case of liquidation of the Company, out of the balance remaining after payment of its debts, the following payments will be proceeded:

- firstly, the amounts actually paid-in on Special Voting Shares in accordance with Article 13.5 of the Articles of Association will be transferred to those holders of Special Voting Shares whose Special Voting Shares have so been actually paid for; and
- secondly, the balance remaining will be transferred to the holders of ordinary shares in proportion to the aggregate number of the ordinary shares held by each of them.

Pursuant to Article 11 of the SVS Terms, in the event of a breach of any of the obligations of a shareholder, that shareholder must pay to the Company an amount for each Special Voting Share affected by the relevant breach (the "Compensation Amount"), which amount is the average closing price of an ordinary share on the MTA calculated on the basis of the period of twenty (20) trading days prior to the day of the breach or, if such day is not a business day, the preceding business day, such without prejudice to the Company's right to request specific performance.

Pursuant to Article 12 of the SVS Terms, the SVS Terms may be amended pursuant to a resolution by the Board of Directors, provided, however, that any material, not merely technical amendment will be subject to the approval of the general meeting of shareholders of EXOR, unless such amendment is required to ensure compliance with applicable laws or listing regulations.

Repurchase of Shares

The Board of Directors has been authorized, by the annual general meeting of shareholders held on 29 May 2018, to repurchase, for a term of 18 months, its own fully paid-up ordinary shares up to the maximum number of ordinary shares that can be repurchased under Dutch law, and further within the limits of Dutch law and the Company's Articles of Association, through a purchase on the stock exchange or otherwise. For shares held by the Company or its subsidiaries no voting rights may be exercised and no payments will be made on shares held by the Company or its subsidiaries. Subject to meeting certain conditions, EXOR ordinary shares can be registered in the Loyalty Register to become eligible for Special Voting Shares.

On 14 November 2018 the Company announced a share buyback program (the "Program") will involve the repurchase from time to time of up to €300 million of ordinary shares and is intended to optimize the Company's capital structure. This amount represents approximately 50% of the extraordinary dividend that is expected to be paid by Fiat Chrysler Automobiles N.V. ("FCA") to the Company following the disposal of Magneti Marelli.

The Program will be conducted in the framework of the resolution adopted by the Annual General Meeting of Shareholders ("AGM") held on 29 May 2018, which authorized the repurchase of up to a maximum amount of €500 million of ordinary shares during the 18 month period following the date of the AGM and up to a maximum number of shares not to exceed the limits set by law. The repurchase price per share, excluding expenses, will not exceed by more than 10% the official reference price recorded on the Italian Stock Exchange (MTA) on the day before each transaction is made.

The Program will expire on 29 November 2019, or until such authority is extended or renewed before such date.

Decisions regarding the actual transactions including but not limited to the timing, number and value of ordinary shares repurchased, will be at the sole discretion of the Company. The Company is not obliged to carry out the Program and, if implemented, the Program may be suspended, discontinued or modified at any time, for any reason and without previous notice, in accordance with applicable laws and regulations.

The repurchases will be carried out in compliance with applicable rules and regulations, including the Market Abuse Regulation 596/2014 and the Commission Delegated Regulation (EU) 2016/1052.

Details of the transactions carried out will be disclosed to the market within the terms and conditions required by the current and applicable regulations.

At 15 March 2019, the Company holds 8,414,646 ordinary shares in treasury (3.49% of issued capital).

Restrictions on the transfer of shares

There are no restrictions on the transfer of EXOR ordinary shares, no limitations on ownership and no clauses requiring acceptance on the part of the Company or of other shareholders upon a transfer of shares.

The above shall not apply to transfers of Special Voting Shares, or Electing Ordinary Shares or Qualifying Ordinary Shares: for such provisions, reference is made to the section above.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders

Significant shareholdings

Based on the regulatory filings with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "AFM") the following entities own as of 31 December 2018, directly or indirectly, more than 3% of the share capital carrying voting rights:

Shareholder	% of issued capital
Giovanni Agnelli B.V.	52.99%
Harris Associates LP	7.36 %
Southeastern Asset Management, Inc.	3.01%

In total five shareholders, under which Giovanni Agnelli B.V., are registered, for a total amount of 128,944,325 shares, in the Loyalty Register to participate in the Special Voting Structure, as explained above.

Giovanni Agnelli B.V. is the largest shareholder of EXOR through its 52.99% shareholding interest in EXOR's issued capital. Giovanni Agnelli B.V. is a Dutch private company with limited liability which shares are held by descendants of Giovanni Agnelli, founder of Fiat. The main business objective is to preserve unity and continuity of its controlling equity interest in EXOR.

Consequently, Giovanni Agnelli B.V. could strongly influence all matters submitted to a vote of EXOR's shareholders, including approval of annual dividends, election and removal of directors and approval of extraordinary business transactions.

Employee shareholdings: system for the exercise of voting rights

A specific mechanism for the exercise of voting rights applicable to employees' shareholdings does not exist. In particular the voting rights on shares deriving from the vesting of shares or from the exercise of option rights under stock option plans or incentive plans – for information on which reference should be made to Section "Remuneration of Directors" – are not subject to any form of restriction and are directly exercisable by the beneficiaries.

Shareholder agreements

EXOR is not aware of shareholder agreements concerning either the exercise of the rights attached to the Company's shares or the transfer of the shares.

Change of control clauses and By-Law provisions relevant to a public offer

Any change in control of the Company [2] would entitle subscribers of the following bonds outstanding at 31 December 2018 to demand early repayment.

- Non-convertible bond issue 2012/2019 of €150 million
- Non-convertible bond issue 2013/2020 of €200 million
- Non-convertible bond issue 2015/2022 of €750 million
- Non-convertible bond issue 2014/2024 of €650 million
- Non-convertible bond issue 2012/2025 of €100 million
- Non-convertible bond issue 2015/2025 of €450 million
- Non-convertible bond issue 2016/2026 of $170 million
- Non-convertible bond issue 2018/2028 of €500 million
- Non-convertible bond issue 2011/2031 of ¥10 billion
- Non-convertible bond issue 2018/2038 of €200 million.

In addition, three lending banks would have the right to demand the cancellation of four irrevocable lines of credit totaling €300 million, which, however, were unutilized as of 31 December 2018.

Except for the aforesaid, as of the date of this report, there are no significant agreements to which the Company is a party that would become effective, be amended or be extinguished on a change of control of the Company.

The Articles of Association do not provide for derogations from the passivity rule or for the application of the breakthrough rule contemplated in the Dutch and Italian legislation on public offers.

[2] The articles of association of the majority shareholder Giovanni Agnelli B.V. include a condition that requires (i) the unanimous vote of directors in function, and (ii) the approval of the general meeting of shareholders by a special majority of more than two thirds of the votes cast representing more than two thirds of the issued and outstanding share capital for any disposal of ordinary shares in EXOR which does not leave at least 51% of the ordinary share capital of EXOR in the full ownership of Giovanni Agnelli B.V.

RISK MANAGEMENT, RISK AND CONTROL SYSTEM

RISK MANAGEMENT, RISKS AND CONTROL SYSTEM

To assess the risk inherent to the Company's activities and to the effectiveness of the internal control system EXOR has in place an internal control and risk management system based on the model provided by the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission Report – Enterprise Risk Management model) and the principles of the Dutch Corporate Governance Code (hereafter also the "System"). The system consists of a set of policies, procedures, rules and organizational structures which purpose is to provide an adequate process for the identification, measurement, management and monitoring of the principal risks in order to ensure the reliability, accuracy and timeliness of financial information, the safeguarding of the Company's assets, the efficiency and effectiveness of business processes and the Company's compliance with laws and regulations. An effective internal control and risk management system contributes to the conduct of the business in a manner consistent with its pre-established objectives and facilitates well-informed decision-making. The System is integrated within the organization and governance structure adopted by EXOR and is developed giving adequate consideration to the reference models and the best practices available nationally and internationally.

The responsibility for the institution and maintenance of an effective System which is coherent with EXOR's business, process objectives and for the corresponding risk management method employed with a pre-established containment plan is entrusted to the Board of Directors.
In particular EXOR's System operates at three levels of internal control:

- First Level: operating areas identification, evaluation and monitoring of applicable risks in the single processes and the establishment of specific actions managing such risks. At this level are located the structures responsible for the individual risks, for their identification, measurement and management, as well as for the performance of the necessary checks.
- Second Level: departments responsible for risk control which define methodologies and tools for managing risks and monitoring of such risks.
- Third Level: provides an independent and objective assurance of the adequacy and effective operation of the first and second level of control and in general of the overall mode of managing risks. This activity is carried out by the Internal Audit function whose activities are concluded independently.

The System is subject to verification and updating annually in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

The Audit Committee monitors the effectiveness of the Company's System.

Internal control and external control over financial reporting

The System over financial reporting is set in a broader framework of the internal control and risk management and has the purpose of ensuring the reliability, accuracy, completeness and timeliness of the Group's financial information.
The System of internal controls over financial reporting is focused on the procedures and organizational structures which ensure the reliability, accuracy, completeness and timeliness of financial reporting.

The System of internal control over financial reporting aims to ensure the adequate and effective application of the administrative and accounting procedures designed to provide a true and fair representation and reliable information on the business activities in the financial reports (annual consolidated and company only financial statements and shortened half yearly consolidated financial statements) prepared by the Company.

The approach adopted by the Company for the evaluation, monitoring and continuous updating of the System over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents.

The principal characteristics of the System over financial reporting are based on the following components and phases:

- Identification and assessment of administrative and accounting risks.
- Identification of the controls responding to the risks identified.
- Verification of the effective application of the controls and evaluation of any problems detected.

The EXOR System over financial reporting has been developed taking into consideration existing law, the regulations, best practices as well as the guidelines provided by the competent bodies and is composed of the following administrative and accounting procedures:

- *Code of Conduct* – which illustrates the ethical principles and values of the Company and must be observed by Company personnel involved, for any reasons, in the implementation of the System over financial reporting;
- *System of delegated powers and proxies* – which identifies the powers to represent the Company by individual managers;
- *Risk Management process* – which identifies roles, responsibilities and methodologies in performing the risk management activity and in the preparation, diffusion and checking of financial reports disclosed to the market;
- *Administrative and accounting procedures* – which establish the responsibilities and rules for the process controls to be applied;
- *Financial reporting instructions and closing timetables* – which are used to communicate operational instructions for the preparation of the reporting package;
- *The process of internal attestation* by the corporate bodies of the significant subsidiaries as regards the data and the related internal control system under their responsibility reported to the Parent company.

Internal control covering the preparation and processing of financial information

Overview of the organizational structure and management of accounting and financial information

The consolidated financial statements of the EXOR group are prepared in accordance with IFRS standards and interpretations as adopted in the European Union at the balance sheet date.

As parent company, EXOR N.V., under the responsibility of the Chief Financial Officer defines and oversees the preparation of reported accounting and financial information of EXOR N.V. and the process related to the financial information being requested to the operating subsidiaries. Accordingly, the Chief Financial Officer of EXOR N.V. ensures that the processes for preparing accounting and financial information produce reliable information and give, in a timely manner, a fair view of the Company's financial position and results. He obtains and reviews all information that he deems useful, such as closing options, critical accounting positions and judgments, changes in accounting method and results of audits performed by the external auditors.

For consolidation purposes, the Chief Financial Officers of operating subsidiaries are responsible for preparing the reporting packages of such companies in accordance with group instructions. These financial statements are prepared under the control of their respective Board of Directors and are responsibility of company management of each subsidiary. Each reporting package is accompanied with a representation letter in which management of the subsidiary takes the responsibility of the information provided in the consolidation process.

Members of the EXOR N.V. Audit Committee examine the annual and interim financial statements of EXOR N.V. and monitor the process for preparing accounting and financial information. Their conclusions are based notably on information produced by the Chief Financial Officer and his team, exchanges with the team during Audit Committee meetings and the findings of internal audits. The Chairman of the Audit Committee reports on the committee's work to the Board of Directors.

The Board of Directors of EXOR N.V. approves EXOR N.V. consolidated financial statements (interim and annual) and separate (company) financial statements.

Processes for the preparation and processing of accounting and financial information for the consolidated financial statements

The process for the preparation of the consolidated financial statements are organized and coordinated under the responsibility of the Chief Financial Officer.

The consolidated financial statements are produced using a consolidation software configured to automate a certain number of consistency checks on the data in the reporting packages.

Detailed consolidation instructions are sent before each interim and annual closing to the attention of the finance departments of the various consolidated subsidiaries.

The closing schedule for accounts and the related instructions are prepared sufficiently in advance to enable the financial teams of the subsidiaries to organize their procedures and anticipate closing constraints.

Risk Management

EXOR has adopted its own Enterprise Risk Management ("ERM") system to identify and analyze the main risks associated with the Company's activities and achievement of its objectives.

The EXOR ERM system is based on the above mentioned COSO ERM Framework, which defines risk management as a "process effected by the Board of Directors, management and other personnel, applied in setting strategy across the organization and designed to identify potential events that may affect the business, in order to manage the risk within the risk appetite and to provide reasonable assurance regarding the achievement of the business objectives". The COSO Framework is based on five areas: the control environment, risk assessment, control activities, information and communication, and monitoring and supervision.

The Audit Committee monitors the effectiveness of the Company's internal control and ERM system. The Audit Committee, together with executive management, every other year performs a thorough exercise for the identification of the main risks and their ranking. In 2017 a detailed risk assessment and update of the risk profile was performed and in 2018 a re-assessment of the relevant risks and risk appetite has been performed.

The ERM system is integrated within the Company's organization and corporate governance, supporting the efficiency and effectiveness of business processes, the reliability of financial information and compliance with laws and regulations. An effective ERM system contributes to the conduct of the business in a manner consistent with its objectives and facilitates well-informed decision-making.
In this context, the Board of Directors is responsible for the identification of the risks to which EXOR and the "Holdings System" are exposed to in relation to the business objectives and Company characteristics, and for performing an assessment of the possible risk scenarios mitigation, considering the effectiveness of the control process currently in place.
The EXOR ERM system is subject to verification and updating over time in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed by the Internal Audit Function, using sampling techniques recognized as best practices internationally.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by management and are communicated to the Audit Committee (which in return reports to the Board of Directors). No significant deficiencies or material weaknesses have been reported by the Internal Audits performed.

Risk Appetite

EXOR set its risk appetite within risk taking and risk acceptance parameters which are driven by applicable laws, the Code of Conduct, core principles and values, corporate policies and directives.

EXOR operates within a moderate overall risk range, inherent to its activities and strategy. In this context, EXOR's highest risk appetite relates to the strategic and operational objectives related to a positive Net Asset Value (NAV) per share / MSCI ratio in the long term and maintaining an adequate credit rating and cash flow to enable continuity of investment activities, while ensuring in any case the compliance with the criteria that direct EXOR investment choices.

EXOR's lowest risk appetite relates to the objectives of protecting the Group reputation, compliance with the rules and regulations and of accuracy and reliability of the financial reporting. Meeting applicable legal and regulatory obligations will take priority over other business objectives.

The EXOR risk management and internal control system comprises a structured process aimed at addressing individual risk categories, with a defined risk appetite applied to each category as detailed below:

Risk Category	Risk Description	Risk Appetite	
Strategic Risks	Strategic risks may affect EXOR long-term strategic performance objectives.	Moderate	EXOR is willing to accept moderate risks in order to realize its strategic objectives. EXOR defined tolerable levels of deviation from NAV per share compared with MSCI, credit rating and cash flow targets in the short and medium term, in order to achieve long term goals.
Operational Risks	Operational risks include adverse, unexpected impacts resulting from internal processes, people and systems, or from external events linked to the performance of the Company's portfolio of businesses.	Low – Moderate	EXOR aims for lean operations focused on its core activities.
Compliance Risks	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures.	Low	EXOR strives to comply with (international) applicable laws and regulations at all times. EXOR focuses on good governance of its activity as diversified investment holding company.
Financial reporting risks	Financial reporting risks primarily relate to (failure) of internal controls leading to possible misrepresentation of EXOR's positions and performance to investors and other stakeholders	Low	In the external reporting EXOR aims to provide an insightful, fair and accurate representation of the Group and Company performance and economic results. Adequacy of financial reporting is secured through the financial reporting policies and internal control framework at EXOR and its affiliates.
Financial Risks	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows and the volatility of financial instruments.	Low – Moderate	Inherent to EXOR's long term investment horizon, a low to moderate level of financial risk is accepted in our investment portfolio. Through capital market transactions, cash balances and bank credit line agreements, EXOR seeks to maintain a capital structure profile which achieves long term goals and maintains its covenant compliance.

EXOR has established the appetite for principal risks, identifying its overall risk capacity and appetite position. Risk metrics for each principal risk have been identified in order to put in place monitoring activity and corrective mitigation actions, if needed.

Key Risks and Key trends

As a part of the 2018 risk assessment process, management re-assessed the risks identified in 2017 as significant. Based on the potential business impact and likelihood of occurrence, as well as existing and/or planned countermeasures (mitigating actions) the risks have been reviewed and updated where needed. The risk impact could result in a material direct or indirect adverse effect on its business, operations, financial condition and performance, reputation and/or other interests. The results of this assessment were presented to the Audit Committee on 6 September 2018 and to the Board of Directors on 13 November 2018.

EXOR expects that the implemented (internal and external) controls will mitigate the risks up to the level of the risk appetite.

The sequence in which these risks and mitigating actions are presented does not reflect any order of importance, likelihood or materiality. For further information regarding the risks EXOR faces, refer to the section Risk Factors below.

Risk Event	Risk Description	Control/Mitigation Activities
Dividend risk (Cash Flow) / underperformance of subsidiaries (Financial risks)	Risk of holding shares in companies that do not generate a cash flow of dividends sufficient to manage operating costs and net financial expenses of EXOR. The risk of underperformance of the subsidiaries has been combined with the dividend risk, as underperformance and divided are related to each other/connected.	Careful management of cash in / cash out and investment portfolio diversification. EXOR maintains an adequate cash flow management by performing cash flow analysis, adjusting and monitoring the flows on a regular basis. The Company risk management approach mixes a wide variety of investments within the portfolio thus mitigating unsystematic risk events in the collection of dividends from the investments.
Portfolio composition (Strategic/operational risk)	Risk that investment decisions do not allow EXOR to (i) obtain a return on investments that will increase the Net Asset Value (NAV) per share, surpassing the MSCI World Index in USD; and (ii) define an adequate portfolio mix in terms of diversification of the investments, resulting in difficulties in optimizing the Group's future performance.	The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio consists of different kinds of investments, consequently characterized by an overall lower risk level. Company investment procedures ensure adequate evaluation also in relation to portfolio composition.
Stock market performance (Strategic risk)	Risk that fluctuations in the stock market can affect the value of investments.	Asset allocation. The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio is composed of diversified and different kind of investment, consequently characterized by an overall lower risk level. The diversification by sector and geographic for example mitigates unsystematic risk events in the portfolio, so the positive performance of some investments neutralizes the negative performance of others.
Loss of key personnel (Operational risk)	The risk of losing key resources (in EXOR or subsidiary companies) or having inadequate succession planning.	Attract, retain and motivate directors as well as employees and other individuals having business relationships with EXOR to reward such persons for their loyalty and commitment to the long-term value creation. Succession plans and management of concentration responsibility.

Risk Factors

The following risks and uncertainties are deemed material and, in the judgement of the Board of Directors, relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Report of Operations.

RISKS RELATED TO BUSINESS, STRATEGY AND OPERATIONS

Risks relating to international markets and exposure to changes in local conditions and trade policies, as well as economic, geopolitical or other events

The earnings and financial position of EXOR and its subsidiaries are affected by the performance of financial markets and macroeconomic variables over which EXOR exercises little or no control.
EXOR is subject to risks inherent in operating globally, including those related to:

- exposure to local economic and political conditions;
- import and/or export restrictions
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds; and
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one or a combination of these areas (which may vary from country to country) could have a material adverse effect on EXOR's business, financial condition and results of operations.
With the increasing interconnectedness of global economic and financial systems, a financial crisis, natural disaster, geopolitical crisis, or other significant event in one area of the world can have an immediate and devastating impact on markets around the world.

For instance, in June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union. It remains unclear when a withdrawal agreement, or any alternative agreement will be finalized and ratified.

Additionally, in recent years, certain member countries of the European Union have implemented austerity measures to avoid defaulting on debt repayments. If a country within the euro area were to default on its debt or withdraw from the euro currency, or, in a more extreme circumstance, the euro currency were to be dissolved entirely, the impact on markets around the world, and on EXOR's global business, could be immediate and significant.

New or revised agreements between the United States and its trading partners may also impact business and potential changes in tax laws that could adversely affect U.S. operations. These developments have introduced an elevated level of economic and policy uncertainty and could have a have a material adverse effect on business, financial condition and results of operations.

In addition to slow economic growth or recession, other economic circumstances, such as increases in energy prices, fuel prices and fluctuations in prices of raw materials or contractions in infrastructure spending, could have negative consequences for the industries in which EXOR operates.
It is not possible to provide an indication of the future effects of the aforementioned factors and variables which may have an adverse impact on the demand for products and services, the earnings, business prospects and financial position of EXOR and its subsidiaries and affiliates.

Risks relating to the business, operations and profitability of EXOR

The composition of EXOR's investment portfolio may vary substantially from time to time. Maintaining long-term ownership in investments and a flow of investments and divestments in new investment activities involves commercial risk, such as having a high exposure to a certain industry or an individual holding, changed market conditions for finding attractive investment candidates or barriers that arise and prevent exit from a holding at the chosen time.

EXOR does not have operations or significant assets other than the capital stock of its subsidiaries and other intercompany balances. EXOR has cash outflows in the form of other expenses, payments on its indebtedness and dividends to its shareholders. EXOR relies primarily on cash dividends and payments from its subsidiaries to meet its cash outflows. In particular, EXOR does not have a significant operating business of its own and, accordingly, EXOR financial condition depends upon the results of its investment activities, including the receipt of funds by other members of the Group. EXOR expects future dividends and other permitted payments from its subsidiaries to be the principal source of funds to repay its indebtedness and to pay expenses and dividends. The ability of EXOR's subsidiaries to make such payments (in the form of dividends and intercompany payments) depends on their economic performance and financial condition and may also be limited by contractual or regulatory constraints. No assurance can be given that EXOR will receive adequate funding to maintain its financial condition.
The financial results of the EXOR Group and of EXOR are no indicators of the future profitability of EXOR. For the 2018 financial statements, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1 - Presentation of Financial Statements) exist about its ability to continue as a going concern.
There can be no assurance concerning the profitability of EXOR in future periods.

Risks associated with the distribution of dividends

The distribution of dividends by EXOR and the amount of such dividends depend on the Company's future profits which in turn depend on the dividends distributed by EXOR's subsidiaries and affiliates and on the gains realized on divestments of these companies, events which by their nature are neither periodic nor recurrent. Accordingly, EXOR's results in different financial years may not be regular and/or comparable. Where investments have been made having recourse to debt financing, part of the resources arising from the divestment will, as a priority, be applied in repayment of such debt and only the remaining part may be used for the distribution of dividends.
It will be recalled that under the merger agreement relating to the PartnerRe acquisition, there is a restriction on payment of dividends on common shares declared with respect to any fiscal quarter to an amount not exceeding 67% of the net income during such fiscal quarter until 31 December 2020. As explained in the paragraph of PartnerRe's Risk factors, the dividends distribution from PartnerRe depends also on the company's capital requirements including the regulatory requirements.
Further, EXOR does not have a policy for the payment of dividends (for example a minimum distribution per share in absolute terms or as a percentage-dividend payout) and has not made any specific undertaking in this respect.

Risks relating to the EXOR's credit rating

EXOR's corporate credit rating from S&P is currently "BBB+" for long-term debt and "A-2" for short-term debt with a stable outlook.
EXOR's ability to access capital markets and the cost of borrowing in those markets is highly dependent on its credit ratings. The rating agencies may review their ratings for possible downgrades and any downgrades would increase the Issuer's cost of capital, potentially limiting its access to sources of financing, and could negatively affect its businesses.

Risks associated with market conditions

EXOR holds investments in both publicly listed companies and unlisted companies. The value of the investments in listed companies is based on their market prices, whereas for investments in unlisted companies one of the methods used to value the shareholdings is based on multiples of comparable listed companies. Therefore, changes in prices and market conditions can negatively impact the value of EXOR's business operations. A substantial weakening of equity and/or bond markets or changes in interest rates and/or currency exchange rates could impact negatively on the value of EXOR's businesses.
Further, the operating costs which EXOR incurs cannot be reduced with the same speed as a fall or unabated decline in financial markets and, in the case of inadequately efficient cost management, this could negatively impact the financial results of EXOR.

Risks associated with the sectors and markets in which EXOR's subsidiaries operate

Through its investments in subsidiaries and affiliates, EXOR is present mainly in the reinsurance business (PartnerRe), automobile business (FCA), agricultural and construction equipment business (CNH Industrial), Ferrari brand, publishing (The Economist Group) and professional football (Juventus Football Club). As a result, EXOR is exposed to the risks typical of the sectors and markets in which such subsidiaries and affiliates operate. Therefore, the performance of the main subsidiaries has a very significant impact on the earnings, financial position and cash flows of EXOR.
The paragraph Risk Factors from main subsidiaries highlights the most significant risk factors related to FCA, PartnerRe, CNH Industrial and Ferrari.

Exposure to financial counterparty risk

EXOR is exposed to financial institution counterparty risk and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. Financial services institutions are inter-related as a result of trading, counterparty and other relationships. The Company has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including financial intermediaries, brokers and dealers, commercial banks and investment banks for its own account. Defaults by, or even the perceived questioning of the creditworthiness of, one or more financial services institutions or the financial services industry, generally, has led and may continue to lead to market-wide liquidity problems and could also lead to losses or defaults. The exact nature of the risks faced by EXOR is difficult to predict and guard against in view of the severity of the global financial crisis and the fact that many of the related risks to the business are totally, or in part, outside of the control of the Company.

Risks associated with the consolidated indebtedness of the EXOR Group

The overall amount of the consolidated indebtedness of the EXOR Group could have a significant negative impact on the business and the financial performance of EXOR and of the EXOR Group. A deterioration in market conditions, which the companies of the Group were not able to tackle rapidly, could have negative effects on revenues and cash flows of Group companies; such a situation could result in higher financial charges with a consequent negative impact on the profitability of such Group companies and as a consequence on the flow of dividends and other payments to EXOR. The deterioration of the economic and financial position of the Group companies could, also, have negative effects on the possibility of accessing sources of additional funding for the achievement of the business objectives of EXOR and of the Group companies, for capital expenditure, working capital and the repayment of debt as well as on the cost of the latter; such circumstances could render the Group more vulnerable. Further, if EXOR and the other companies in the Group should fail to generate the financial resources necessary to repay debt within the terms agreed, they would be compelled to seek other financial resources or to refinance or renegotiate existing debt on more onerous terms and conditions, with the consequent limitation of available funds and the increase of the related costs. Any difficulty in obtaining financing could have a significant impact on the Group, its business prospects and its profits. It should be noted that EXOR has not given any guarantees regarding the indebtedness of its operating subsidiaries and affiliates.

Risks associated with acquisitions and disposals

No assurance can be given that the present investments or those in the future, if completed, will not impact negatively on EXOR's results and financial position in the short and/or the medium term and on its ratings and will not encounter obstacles of an administrative, legal, technical, industrial, operational, regulatory or financial policy nature or other difficulties, such that they may not assure the achievement of the results, objectives or benefits expected. EXOR is also exposed to the risk that the disposal of its investments may be effected on terms and conditions which are unsatisfactory with consequent negative impacts on its financial position and on its own prospects.

EXOR is a diversified holding company and in the normal course of its business assesses new investment opportunities as well as opportunities to disinvest, such activity being its core business. In assessing new investment opportunities, EXOR intends to keep its indebtedness at a level consistent with the objective of maintaining an investment grade rating, that is to say a "BBB" or higher. Any delay in completing, or the failure to complete, an acquisition, disposal, merger, joint venture or similar operation, could prejudice the full achievement or delay fully achieving, the results and the benefits expected for EXOR, and could have significant negative repercussions on its business prospects and on its results and/or its financial situation.

Risks associated with the investment portfolio and the concentration of investments

EXOR is a diversified holding company and, consequently, the results of its major investments and the financial resources distributed by the subsidiaries and affiliates (as dividends or otherwise) have a significant influence on its results. The failure to achieve the objectives or the revision of the objectives by the subsidiaries and affiliates due to, among other things, deterioration of economic and financial conditions and of the general conditions of the market, may have a significant negative effect on the economic results and financial position and on the business activities, strategies and prospects of the EXOR Group and of EXOR, as well as on the performance of the EXOR shares on the stock market. No assurance can be given with regard to the fact that EXOR will receive constant flows of dividends from the subsidiaries and affiliates which depend on the economic and financial performance and the investment and dividend policies of such companies.

EXOR holds a limited number of investments and, consequently, the economic and financial performance of EXOR and of the EXOR Group may be materially influenced by the negative performance or indeed the negative economic and financial results even of one of the investments made.

EXOR's investment portfolio is monitored and analyzed constantly both through use of corporate governance rights (e.g. board representation) and through constant dialogue with the management of the subsidiaries and affiliates without affecting their independence as the managers of the companies.
EXOR does not have a specific policy on investment and disposal. Investment decisions taken by EXOR are formulated on the basis of in-depth assessments and of expertise developed in the specific sectors, as well as on the basis of the potential contribution of the individual investment to the geographical and sector diversification of the portfolio and of the capacity to generate future cash flows.
The maintenance of long term investments and the decisions to invest and divest entail business risks, such as a high exposure to specific industries or to a particular investment, changes in market conditions and the presence of obstacles which impede the disposal of its investments.

Risks associated with the loss of key management figures

The success of EXOR and of the EXOR Group has depended, and will continue to depend, partly upon the ability to attract and retain management personnel and its abilities to manage efficiently EXOR and the EXOR Group. If the EXOR Group should lose the contribution of key executives, this could have a significant negative effect on the business prospects as well as the financial results and/or financial position.
Furthermore, if one or more managers should resign from service with EXOR or with EXOR's investee companies and should it not be possible to adequately replace them in a timely manner with persons of equal skill and experience, the competitive capacity of such companies could diminish with potentially negative effects on the business and on the ability to replicate the results achieved in the past.

Risks associated with the presentation of consolidated data in shortened form (Shortened Consolidation)

The Shortened Consolidation data is prepared by EXOR on the basis of a "shortened" method of consolidation in which the data derived from the IFRS financial statements of EXOR and of the subsidiaries of the Holdings System: Exor Nederland N.V. (the Netherlands); EXOR S.A. (Luxemburg); Ancom USA Inc. (USA); Exor SN LLC (USA); Exor Investments Limited (United Kingdom); Exor Investment (UK) LLP (United Kingdom) are included in the financial statements of the parent company EXOR using the line-by-line method, while the data derived from the financial statements prepared in accordance with IFRS of the operating subsidiaries and affiliates (PartnerRe, FCA, CNH Industrial, Ferrari, Juventus Football Club, The Economist Group and Welltec) are included in the financial statements of the parent company EXOR using the equity method.
While the data and information prepared using the shortened consolidation method are recognized by the financial community, by financial counterparties and by the ratings agencies, and EXOR believes that these data and information facilitate analysis of the financial position and results of EXOR, such data do not fully represent, nor should be treated as the consolidated financial position of the EXOR Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups.
The consolidated data prepared in shortened form are not audited by the independent auditors.

Risks associated with tax assessments of the Italian tax authorities relating to periods prior to the date when the merger became legally effective

It should be noted that the merged company, EXOR S.p.A. was taxable for IRES and IRAP purposes up until the legally effective date of the Merger.
For Italian tax purposes the Merger qualifies as an intra-community cross-border merger as defined by the Italian tax regulations (TUIR) which implemented E.U. Council Directive 1990/434 dated 23 July 1990 on the common system of taxation to be applied to mergers, de-mergers, transfers of assets and share exchanges involving companies of differing Member States (consolidated in E.U. Council Directive 2009/133 dated 12 October 2009, the "Merger Directive").
The Italian tax regulations provide for the fiscal neutrality of the intra-community merger with respect to assets and liabilities which remain connected with a permanent organization in Italy, providing, conversely, that elements which do not remain connected with a permanent organization in Italy are deemed to be realized at fair value. Considering that EXOR N.V. has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A. (including investments in companies, financial liabilities and tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses ("EXIT gains") in the financial position at the 10 December 2016 merger date.

EXOR believes that the related taxation which was declared and paid in June 2017 is correctly determined, however any related disputes and Italian tax authority decisions could have a negative effect, also for a significant amount, on the results of future financial years.

Risks and uncertainties associated with the development and interpretation of tax regulations

The economic and financial activities of EXOR and of its principal subsidiaries and associates make it subject to a variety of taxes and duties. EXOR and those subsidiaries and affiliates are, therefore, exposed to the risk that the level of taxation to which they are subjected may rise in the future. Any such increase in the level of taxation, or the introduction of new taxes, to which EXOR and its principal subsidiaries and affiliates may be subjected, could have negative effects on the economic results and financial position of EXOR.
Additionally, EXOR and its principal investee companies are also exposed to risk from the interpretative complexity of tax regulations and may from time to time be subjected to inspections by the tax authorities.

RISKS RELATED TO THE COMMON SHARES

Risks connected with share price performance in relation to the activities of EXOR

EXOR's results will depend on the performance of the investments which it makes. These investments, considering the type of activity performed, are characterized by high levels of uncertainty, problems with forecasting and a priori assessments that are not always objective. There is no guarantee that EXOR will be able to transmit to the market the correct interpretation of the risk-opportunity relationship of the investments made and of their progressive performance, with resulting possible negative impact on the performance of the market price of EXOR common shares.

The loyalty voting structure could have a negative effect on the liquidity of the common shares and reduce the common share price

The introduction of the Special Voting Structure could reduce the liquidity of EXOR common shares adversely affecting the trading price in the market. The Special Voting Structure is intended to reward long-term shareholding and provide an incentive for a stable shareholder base, giving shareholders the opportunity to decide to receive special voting shares after a certain uninterrupted period of ownership of common shares.
The Special Voting Shares cannot be traded and must be transferred to EXOR for no consideration (*om niet*) immediately prior to cancellation of the common shares from the EXOR special register.
The Special Voting Structure may reduce liquidity in EXOR common shares and adversely affect their trading price. No Special Voting Shares had been issued at the Merger date and none are outstanding at 31 December 2018.

The Special Voting Structure may make it more difficult for shareholders to acquire a controlling interest, change the management or the strategy of the Group or exercise influence over it, resulting in a reduction in the market price of the common shares

The provisions of the Articles of Association which establish the Special Voting Structure, allowing qualifying shareholders to exercise up to 5 or 10 voting rights for each EXOR common share held, may make it more difficult to acquire, or attempt to acquire, control of EXOR and prevent or discourage any initiatives seeking to change EXOR's management, even if a change of control were considered favorably by shareholders holding the majority of the EXOR common shares.
The Special Voting Structure may prevent or discourage initiatives of shareholders seeking to change the ownership structure or the strategy of EXOR or to exercise their influence and also may prevent or discourage initiatives of shareholders seeking to bring about changes in the company's management.
Shareholders who hold a significant quantity of EXOR common shares for the uninterrupted periods prescribed in the Articles of Association and who request special voting shares could be in a position to exercise a significant quota of voting rights at meetings of shareholders and to have substantial influence over EXOR.
Based on the most recent information available Giovanni Agnelli B.V. holds 52.99% of the issued capital of EXOR, such that its control is not at present contestable.

It should be recalled, however, that the Special Voting Structure will commence to have its effect only when five years have passed from the date of adoption of the new Articles of Association following the merger's becoming effective, assuming that the holders of EXOR common shares satisfy the conditions for requesting Special Voting Shares. In fact, as of the date of the merger becoming effective no Special Voting Shares had been issued.

Risks related to the tax treatment of Special Voting Shares

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of Special Voting Shares should be treated for Italian or Dutch tax purposes and as a result the tax consequences in the Netherlands are uncertain. The fair market value of the EXOR Special Voting Shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Considering that the EXOR Special Voting Shares are not transferable (other than, in very limited circumstances, together with the associated EXOR common shares) and that a shareholder's rights to receive amounts in respect of the Special Voting Shares are extremely limited, EXOR believes and intends to take the position that the fair market value of each Special Voting Share is minimal. However, the relevant tax authorities could assert that the value of the Special Voting Shares as determined by EXOR is incorrect. The tax treatment of the Special Voting Shares and the consequences of acquiring them, therefore, are not entirely clear and established.