Dear Shareholders,

2017 has been our best performing year apart from 2009, the year EXOR was established. EXOR's Net Asset Value per share in Dollars, or NAV per share, grew by 56.9% in 2017, which outperformed by 36.8pp our benchmark of the MSCI World Index denominated in Dollars.

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

	Annual percentage change		
YEAR	**1- EXOR NAV/Share ($)**	**2- MSCI World Index ($)**	**DELTA (1-2)**
2009	113.2	55.6	57.6
2010	33.7	9.6	24.1
2011	-26.2	-7.6	-18.6
2012	21.6	13.2	8.4
2013	21.0	24.1	-3.1
2014	0.8	2.9	-2.1
2015	8.4	-2.7	11.1
2016	9.6	5.3	4.3
2017	56.9	20.1	36.8
Compounded annual rate	**22.1**	**12.4**	**9.7**

Note: data in 2009 starts from March 1st, the date before EXOR's listing on Borsa Italiana

The single largest contributor to these results was FCA which almost doubled its market capitalization in 2017 from ~$14 billion to ~$28 billion. But before going through our businesses in more detail, I would like to spend some time on the discount that we have between our Market Value and our Net Asset Value, which increased during 2017.

As you know, we focus on our NAV per share which we control rather than our share price and we believe that if, over time, we outperform our benchmark, this will be reflected in our market value. Having said that, excluding technical reasons[1], we have been trying to understand possible explanations for the discount to NAV that exists for many diversified holding companies[2].

Two of these seem particularly plausible:

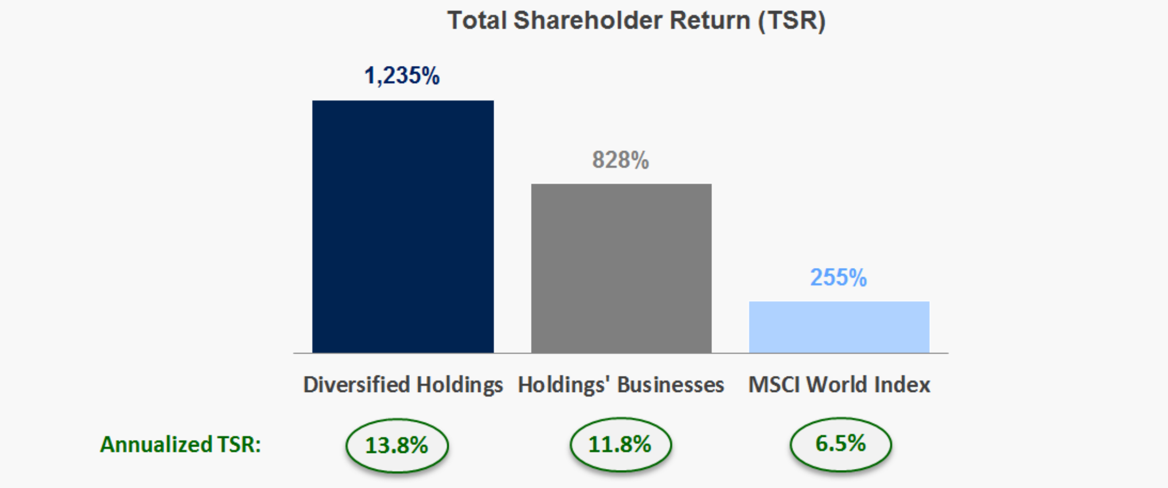
1. Holding companies are perceived to give disproportionate advantages to their controlling shareholders instead of delivering returns to all shareholders;

[1] One technical reason is that the market often applies a liquidity discount to shareholders who sell large blocks of shares (5 to 15% depending on liquidity) although this could often be counterbalanced by a control premium.
[2] We selected for this analysis 14 Diversified Holdings with a market cap in excess of $10 billion and excluded conglomerates like the Korean Chaebols, Japanese Keiretsu, GE or Siemens and Berkshire Hathaway which is arguably in a different category. The companies we included are, split by geography: EMEA: Investor AB, GBL, Bolloré, HAL Holding, Koç Holding, Industrivarden; APAC: CK Hutchison, SM Investments, Jardines, Swire Pacific, Mahindra, JG Summit; and Americas: Loews Corporation, Power Corporation of Canada.

2. Buying shares in holding companies is seen as less attractive than buying shares in the listed businesses within their portfolios because of the reduced transparency and the additional holding cost.

However, in contrast to these arguments, what the data tells us is that our peers have been a good investment. In the last 20 years they produced ~5 times the return of the MSCI World Index denominated in Dollars. They outperformed the businesses they own[3] by 50% and on average their holding cost was less than 20bps of assets.

DIVERSIFIED HOLDINGS – 20YR PERFORMANCE



Source: Capital IQ as of 31 December 2017 (USD)

In a period characterized by the over-performance of passive indexes, it is interesting to note that these strong results come from companies which actively allocate capital and are proactive owners of their businesses.

Many of the holding companies that we have studied are family-controlled. This is of course of particular interest to my own family which is now in its 5th generation of actively managing our portfolio of businesses. We have therefore spent time trying to understand why family-owned businesses have on average consistently outperformed the market.

Past performance is of course not a good indicator of future results and we are very conscious of survival bias. However we do think there are a number of characteristics of family-owned businesses which give them enduring strength:

[3] We analysed the investment portfolios of these holdings to identify businesses they own which meet the following criteria: 1) a market cap in excess of $0.5 billion; 2) the holding owns at least 5% of the business' economic capital ; 3) they have been in the holding's portfolio for at least the last 10 years. 67 businesses met these criteria.

1. They tend to be prudent in how they are run, particularly in relation to financial matters, which means they remain robust when they face downturns, crises and unexpected events;
2. They have the patience not to act when action is unnecessary and resist the pressure to do so. As Charlie Munger says, "*Success means being very patient, but aggressive when it's time*";
3. They are aware of changes in the world and are able to adapt when those changes require it;
4. They have strong cultures, clearly defined purposes and a sense of responsibility. Their cultures, rather than pay, help them to retain talent and to grow leaders internally.

Like many of our peers we continue to trade at a discount, which means you are effectively getting PartnerRe for free when you buy EXOR.

EXOR GROSS ASSET VALUE

US$ million	31/12/2017	31/12/2016	Change	
			absolute	percentage
Investments	**26,550**	17,683	8,867	50.1%
Financial Investments	**4**	382	-378	-99.0%
Cash and cash equivalents	**127**	215	-88	-40.9%
Treasury stock	**212**	187	25	13.4%
Gross Asset Value	**26,893**	18,467	8,426	45.6%

INVESTMENTS (98.7% of GAV)

I would now like to turn to some of the businesses within our portfolio, starting with FCA which is both our most valuable company and this year's best performer for EXOR.

In 2017 FCA sold 4.7 million cars, generating revenues of ~€111 billion. This was similar to its 2016 revenues, but in 2017 FCA's net profit increased by 50% to €3.8 billion and its industrial debt decreased from €4.6 billion to €2.4 billion.

This improvement in profitability and cash generation is the result of deciding to exit the passenger car market in favor of pickups and SUVs in North America and to invest in Maserati, one of our premium brands. Maserati increased sales by ~20% and profitability by 65% which illustrates the impact of volume in a capital intensive business and the pricing power possible in the premium car market.

This extremely strong performance is a credit to FCA as a whole and is particularly due to Sergio's leadership. Sergio has the ability, which I hugely admire, to acknowledge reality and be decisive in taking action which reflects that reality. It is this strength which has enabled him to guide FCA through a series of decisions which to others may not have seemed obvious.

Ayn Rand reminds us that "*We can ignore reality but we cannot ignore the consequences of ignoring reality*", a sentiment which is very appropriate for FCA given the many changes the car industry is facing and the necessity to distinguish between sci-fi future scenarios and more realistic ones in making capital allocation decisions.

One example is electrification which is being developed to meet CO2 emission targets which, by 2022, will be significantly more stringent in all major car markets. This means that it is regulators rather than customer demand that will limit the use of the traditional combustion engine.

As we face this transition, it is worth reflecting on the reasons why leading entrepreneurs of the last century adopted combustion engines in favor of the alternatives then available (such as electric, steam, …). It was Thomas Edison who supported Henry Ford in choosing the combustion engine, telling him:

"Young man, that's the thing; you have it. Keep at it. Electric cars must keep near to power stations. The storage battery is too heavy. Steam cars won't do either, for they have to have a boiler and fire. Your car is self-contained - carries its own power plant - no fire, no boiler, no smoke and no steam. You have the thing. Keep at it." [4]

And it was John D. Rockefeller who then enabled the combustion engine to thrive by stabilizing the price and supply of oil. This allowed the mass market introduction of combustion engine cars starting with the Ford Model T.

The journey from the combustion engine to the non-combustion engine will be gradual, with hybrid solutions playing a major role in the near future. To give you an idea of the distance we have to travel, 97% of the 17.6 million cars currently sold in the US are entirely powered by combustion engines and only ~100,000 vehicles are fully electric (less than 0.7%).

During this transition we need to make sure, just as we did last century, that we have the right technical solution at the right price for consumers while ensuring profitability and avoiding subsidies. The consequences of ignoring reality can be lethal if you lose competitiveness by not adapting to changes but are equally risky if you move too fast or venture too far ahead.

The outlook for FCA is very positive, with the Jeep Brand continuing to be particularly strong. Jeep now makes up ~90% of our sales in Asia and is the top selling SUV in Brazil. Since FIAT started its relationship with Chrysler in 2009, Jeep has experienced extraordinary

[4] Ford, H., Crowther, S. (1930 first edition). *Edison As I Know Him*

growth thanks to product line extensions and its ability to enter new countries outside of NAFTA.

All-new 2018 Jeep Wrangler Rubicon and Sahara with various historical Wrangler vehicles

2017 has also been the year of Alfa Romeo's revival with the launch of Giulia and Stelvio proudly conceived and crafted in Italy. These were strongly welcomed by the media worldwide and, more importantly, by old and new "Alfisti" (Alfa customers). Their launch is another key step in growing our position in the premium car market.

The 2018 targets set by FCA in 2014 seemed unreachable then but, as we get closer, seem increasingly possible. If they are reached, in 2019, Sergio will be able to hand his successor a company which is €4 billion cash positive with €125 billion of revenue and €5 billion of adjusted net profit. This is an unthinkable transformation of the FIAT business he took charge of in 2004 and the Chrysler one he combined it with in 2014 to form FCA, a transformation for which we will always be grateful.

I would like next to spend time on PartnerRe, our second most valuable business and our most recent acquisition. I discussed PartnerRe at length in my last two letters but want to return to it again since 2017 was one of the costliest years for insured losses. These exceeded $100 billion in value due to the high frequency and severity of events in the Americas (Harvey, Irma and Maria hurricanes alongside two wildfires in California).

This difficult year represented a robust test for PartnerRe in its second year of our ownership and we have stuck with our promise of giving full support to Emmanuel Clarke and his team to be there for their clients and open for business at the right price.

Despite the challenging environment, PartnerRe reported top quartile performance amongst its reinsurance peers in terms of profitability ($250 million Adj. Net Income), return on common shareholders' equity (Adj. ROE of 4.2%) and book value growth (3.9% adjusted by dividends).

These positive results have been driven by three factors:

1. The reduction of Cat exposure, mainly by the use of retrocession. This decision was taken because of the unattractive pricing available for these very serious and real risks, as it became clear in 2017;
2. The company's ability to build a well-diversified underwriting portfolio in terms of geographies and product lines, with an edge in Specialty lines (generating a 85.7% combined ratio);
3. The actions undertaken to reduce the company's expenses which, excluding severance and transaction costs, decreased from $426 million in 2015 to $338 million (~20% reduction).

Savings are expected to continue to grow in 2018 as the full year impact of these changes comes through and additional efficiencies are made in consulting and facilities expenses (for instance, our new Stamford office inaugurated in September 2017 has state-of-the art workplace facilities, while reducing lease and other running costs by 70%).

Importantly, these savings are not limiting the company development and have already been partially reinvested in the Life&Health business and to provide better coverage and services to our clients.

In April 2017 PartnerRe completed the acquisition of Aurigen, a leading Canadian Life reinsurer, which will contribute to the profitable growth of our Life&Health business. The $286 million price paid is in line with the company's book value and highlights our discipline in deploying capital in a market where M&A reinsurance transactions have recently reached high valuations.

Notwithstanding the positive Life reinsurance performance, which has been solid with 37% growth in underwriting profits, 2017 results have been disappointing in the Life&Health business overall due to a $119 million underwriting loss in Health, mainly driven by Affordable Care Act related programs. The portfolio has been re-underwritten in 2018 with substantial increases in rates and is expected to be profitable. However this loss is a reminder of the need to continue to look for opportunities to improve our underwriting performance.

The renewals in January 2018 have been positive for PartnerRe with volumes and margins up for the business underwritten. However, price did not increase as anticipated due to the high level of excess capital within the traditional reinsurance industry and the ability of alternative capital vehicles to replace most of the capital they lost.

A big contributor to PartnerRe's profitability this year has been its investment results. After the changes to the organization in 2016, PartnerRe is now top quartile for its investment performance of ~4.2% and for its expenses (which at ~14bps are lower than those of most of its peers).

In 2017 PartnerRe increased its exposure to equities from close to nothing to 4%.

Most of this is being directly managed by Matteo Scolari who joined EXOR in 2015 after having spent most of his professional career at Goldman Sachs, McKinsey and Eton Park. Matteo brings business and investing experience to EXOR and combines this with intellectual curiosity and an eagerness to learn which makes him very well suited to leading EXOR and PartnerRe's financial investments. He has already started investing in a concentrated portfolio of high conviction stocks based on deep fundamental research.

His two largest positions are RWE, the largest conventional (nuclear, coal, and gas-based) electricity producer in Germany, and Ocado, a UK-based technology company focused on food e-commerce.

1. The investment in RWE is predicated on the view that the company's electricity generation business is significantly undervalued by the market and that there is potential for management to unlock further value by simplifying the corporate structure.

   Over the last decade Germany's power market has undergone a transformation through the roll-out of significant renewable (wind and solar) generation capacity. This has reduced the load factor of existing conventional power plants, depressing their profitability. However, the planned closure of coal and nuclear plants in Germany over the next few years should tighten the supply / demand balance and drive a recovery in power prices and profits for the sector.

   In March 2018 RWE entered into a transformational transaction with E.ON as a result of which RWE will receive a large renewables portfolio in exchange for its stake in listed subsidiary Innogy. This transaction simplifies and refocuses RWE's perimeter of activity, positioning the company for growth through a more diverse generation mix and should drive a re-rating of its shares;

2. Ocado has developed a highly advanced logistics and IT platform to deliver groceries online on a national scale. Currently the company monetizes its technology primarily

by selling groceries directly to retail customers under the Ocado brand in the UK. To expand its addressable market, Ocado has also been offering to license its platform to other food retailers looking to enter the online channel.

Since Amazon's acquisition of Whole Foods in the summer of 2017, the pace of discussions with potential partners has significantly increased and in the last few months Ocado has announced deals to provide its solution to two large food retailers: Casino in France and Sobeys in Canada.

However, there is still significant opportunity for growth as food retailing equates to approximately 50% of all retail spend or $2 trillion globally and channel shift to online is still in its early stages.

This year PartnerRe has also started investing in India through local investment managers who are building high conviction and concentrated equity portfolios.

We have prioritized India because of its future economic growth potential. India is a $2.4 trillion economy growing at 6.5% and, although it is already a very large economy, it has just $1,800 of income per capita. It is also in the early stages of a transformation to an open economy and has the youngest population in the planet (factors which altogether will drive growth across almost every industry). For example, to take a market very relevant to EXOR, only 2% of India's population owns a car today compared to 91% in the US.

The Indian public equity market offers a very broad and diverse opportunity set, representative of the various segments of the economy and the Bombay Stock Exchange (BSE) is the largest stock exchange in the world by number of companies with more than 5,500 listed entities of which 80% have a market cap below $1 billion. The managers we have selected to steward our capital in this region have delivered more than 8pp of performance above the market indexes in any period of time over the past 10 years.

In 2017, PartnerRe also strengthened its relation with Tishman Speyer to make additional investments in real estate, including partnering with them in the development of a mixed-use building in Sao Paulo's Rua Oscar Freire, the city's most prestigious street. We are excited about further opportunities to invest in Brazil, a country of great relevance for many of our companies.

To complete our overview of PartnerRe's investments, it is worth highlighting the good returns it has achieved on its fixed income portfolio, the largest component of its investment portfolio ($14 billion at year-end) which is directly managed in-house.

EXOR's ownership has allowed PartnerRe to improve its capital position by adopting a prudent dividend policy to shareholders. The $145 million of dividends distributed by PartnerRe in 2017 represent a payout ratio of 67% of net profits, amongst the most conservative within the reinsurance industry.

Last but not least, I would like to turn to Juventus which has had its most significant year in its history after it won its 6th consecutive championship in a row, overtaking the greatest Juventus team of all time, which won five Italian championships in a row in the "quinquennio" in the 1930s.

Juventus has also won the last three Italian Cups and made it all the way through to the final of the Champions League, for the second time in three years, where it was defeated by Real Madrid, arguably the strongest football team in history and the winner of the last two Champions League Finals.

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

Juventus' legendary achievement in 2017 is the result of a great "team" work by management, the coach, staff and every player. It is also due to its very strong culture, strengthened over the last decade by its Chairman Andrea Agnelli, who continuously exhorts all and every individual member to push "*Fino alla Fine*…".

This mindset is very important for successful organizations that need to keep focused on the next challenges, which is the only way not to be distracted by current glories. Success only continue with continuing efforts which is true for Juventus but also for all our businesses.

Seneca warns us of this when he described what happened to the great warrior Hannibal, who, after many victories, went to Capua to “celebrate” with his soldiers: *“A single winter relaxed Hannibal's fibre; his pampering in Campania took the vigour out of that hero who had triumphed over Alpine snows.”*

Football is of course a business as well as a sport with European club revenues having more than tripled this century to close to €20 billion, with the top 30 clubs representing close to 50% of this total. The biggest beneficiaries of this growth are the players with the value of transfers in 2017 reaching €5.6 billion with agents capturing 12.6% of this total.

Juventus has been growing its own revenues at an average CAGR of ~15% over the last five years compared to ~10% for the market and now generates revenues in the region of €400 million, excluding players transfers. Like any other club, Juventus is investing much of this into players who are critical for the club’s future but also represent its main cost. This is particularly true in the case of top players who are often represented by aggressive agents. In the current format of domestic and international competitions, the increasing cost of players makes it difficult for clubs to reach recurrent levels of profitability, particularly given the unpredictability of sports results.

It is hard to balance sporting and financial success but Juventus achieved this in 2017.
The good news for the industry is that football reach and relevance continues to grow, as is already happening in China and the USA. Close to a quarter of the world’s population now supports football and this number is growing. This growth is what drives the value of football clubs, which is even more pronounced for the most prominent clubs, like Juventus.

We remain confident that Juventus will continue to deliver both sporting and financial rewards and look forward to continuing our relationship with them, which at close to a century, is the longest one between a family and a sport franchise in the world.

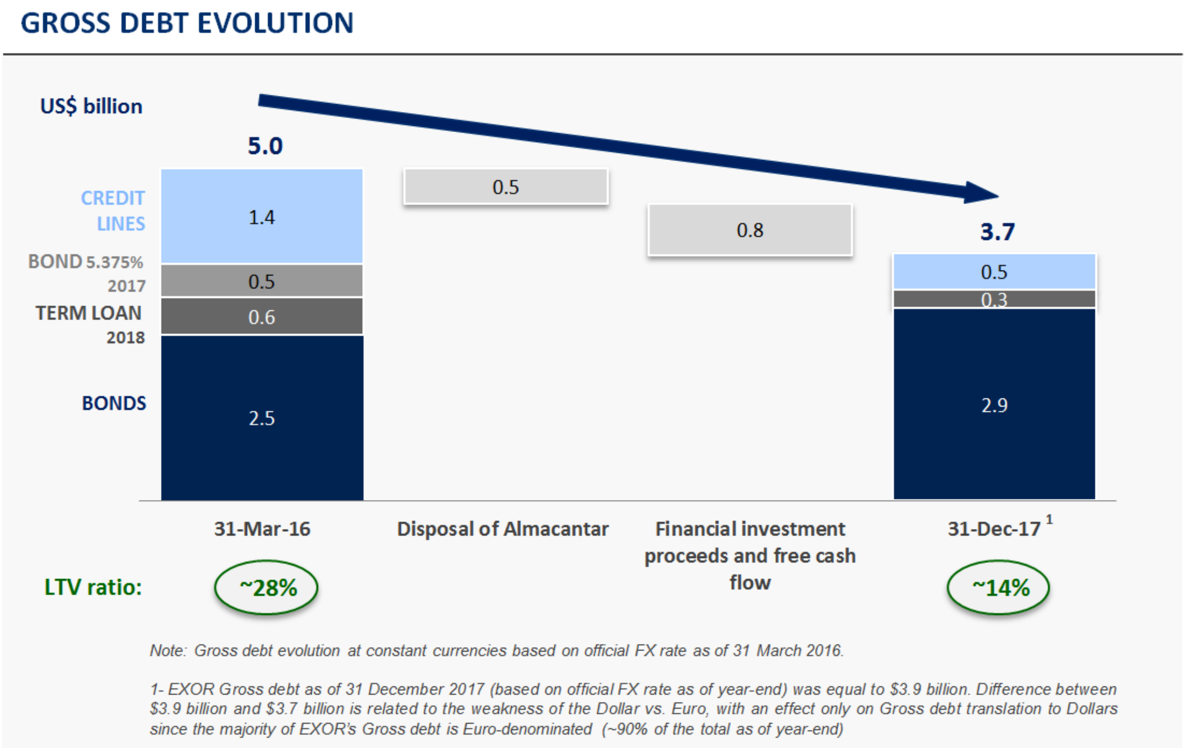
FINANCIAL INVESTMENTS, CASH AND EQUIVALENTS AND TREASURY STOCK (1.3% of GAV)

In 2017 we decreased EXOR’s financial investments and cash & cash equivalents to reduce our gross debt, which we see as an imperative given our commitment to a conservative balance sheet. For convenience, we will in the future classify these three categories as “others” because they account for a small part of our GAV.

GROSS DEBT

When we completed the PartnerRe acquisition back in March 2016, our overall gross debt increased to $5.0 billion. Since then we have decreased our gross debt by $1.3 billion to $3.7 billion at constant currencies[5], a reduction of around 25%.

This debt reduction has been achieved through disposal of assets and positive ordinary cash flow generation, as well as through the redemption of the Black Ant fund in June 2017, which we used to partially repay the 10-year outstanding bond which was maturing in the same period.



Our progress in reducing our debt combined with the performance of our assets brought our Loan-to-Value ratio from 28% in March 2016 to 14% at the end of 2017, which is well below our 20% threshold. This contributed to S&P's decision in April to upgrade our ratings outlook to stable and affirm our long-term and short credit ratings ("BBB+" and "A-2" respectively).

[5] Based on official FX rate (EURUSD) as of 31 March 2016

2018

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

FCA is preparing its 2022 plan. This will be presented on June 1st by Sergio and the rest of the management team. Most of this team has been part of FCA's incredible adventure since 2004, and we are confident that one of them will become Sergio's successor.

We are working very closely with the board to make sure this transition is successful and that the hard work of the last 15 years continues with the same level of excellence.

CNHi's board will be appointing a new CEO who will take over from Rich Tobin who led the business effectively through the downturn in the agriculture market. Sergio is managing this process as the company's Chairman (a role he is committed to retain) and views this transition as an opportunity to strengthen the company's leadership to enable it to perform at the level he is used to at FCA and Ferrari.

The Economist has also announced the appointment of a new Chairman, Paul Deighton. Paul has had a long and distinguished career in banking before being CEO of the Organizing Committee for the London Olympics and Paralympics Games and working as a UK government minister. He brings business experience and the right set of values to help increase the global readership of The Economist, which provides a truly independent opinion of what is happening in our world.

We are grateful to Rupert Pennant-Rea, who is stepping down as Chair, particularly for his strong leadership during the ownership transition in 2016 and for presiding over one of the very few successful transitions in the "newspaper" industry, transforming The Economist from a business which was heavily dependent on print advertising revenues to one which can see a profitable future largely driven by paid circulation.

We were very pleased by the positive reaction to our Investor Day last October and plan to repeat it biennially, which means that we will have the opportunity to meet again in person in 2019, which is the year when we celebrate EXOR's first decade. We hope that you will be able to join us in the meantime for our investor call after our AGM in Amsterdam on 29 May 2018.