Steven Wood

Portfolio Manager, GreenWood Investors

ValueConferences

EUROPEAN Investing Summit

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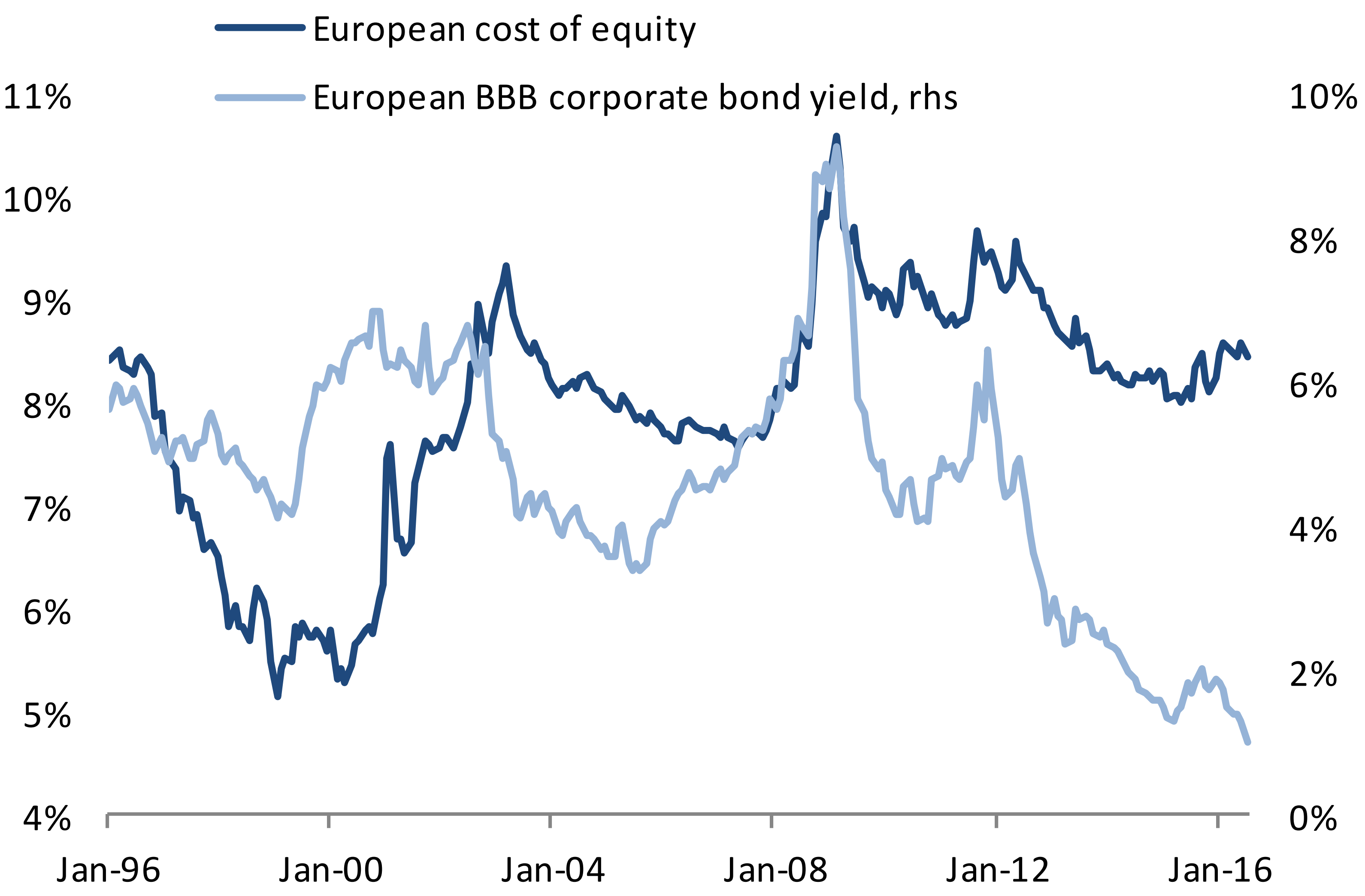
Past performance is no guarantee of future results.

Why Europe? Why Now?

Equity Risk Premium @ a Record



Capital is Free

Henkel

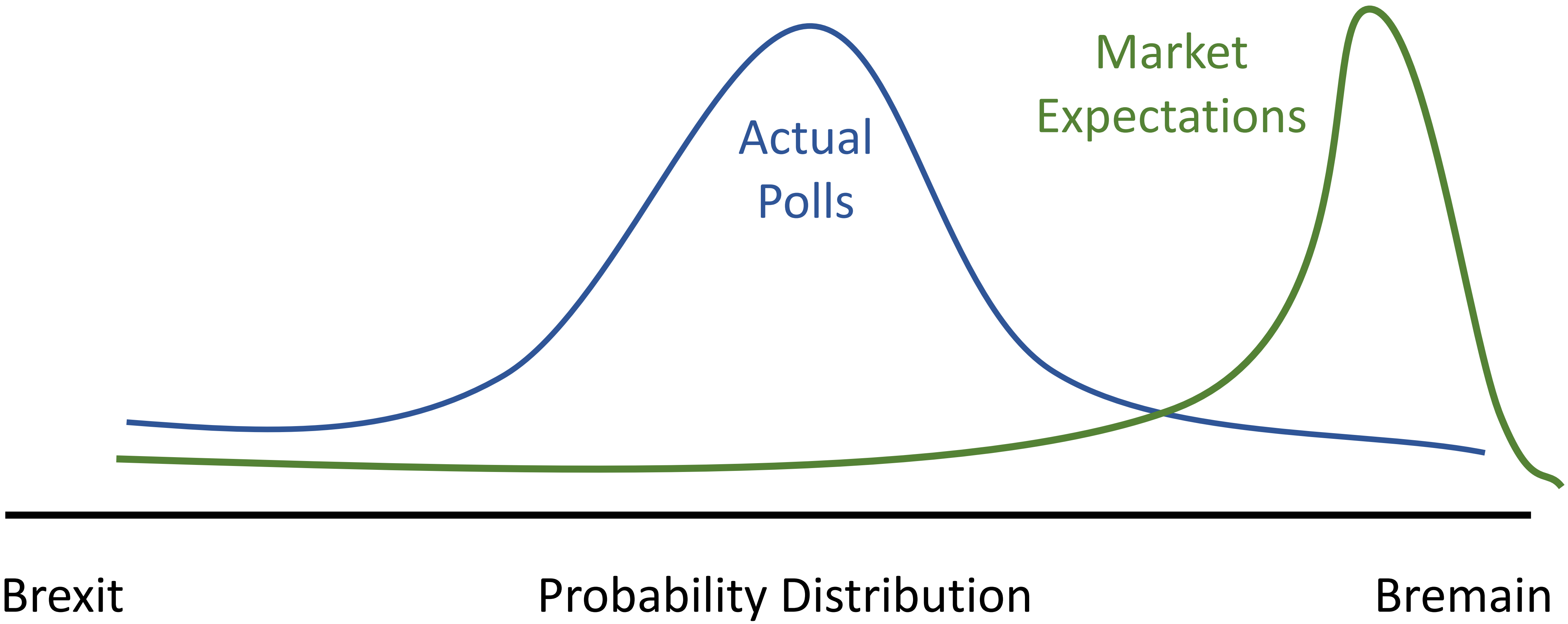
SANOFI

2 & 3-Year Euro Bond issued at -0.05%

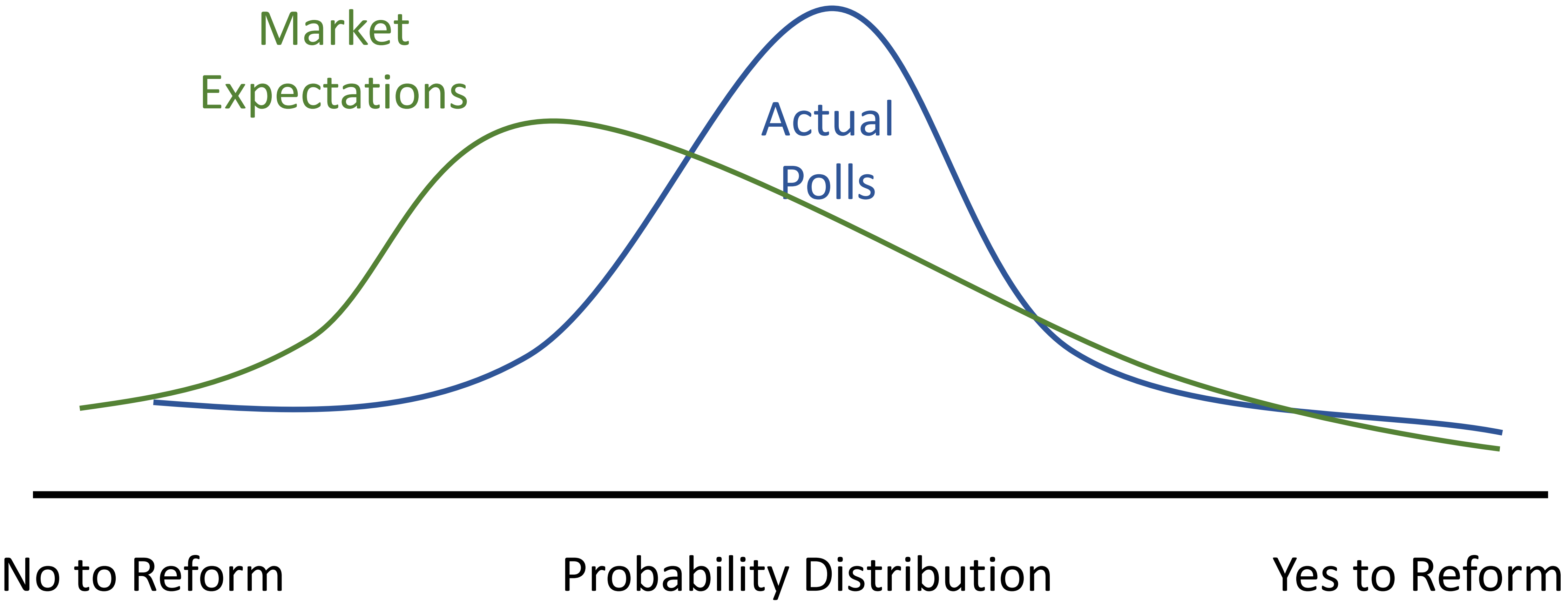
PartnerRe

10-Year Euro Bond issued at 1.34%

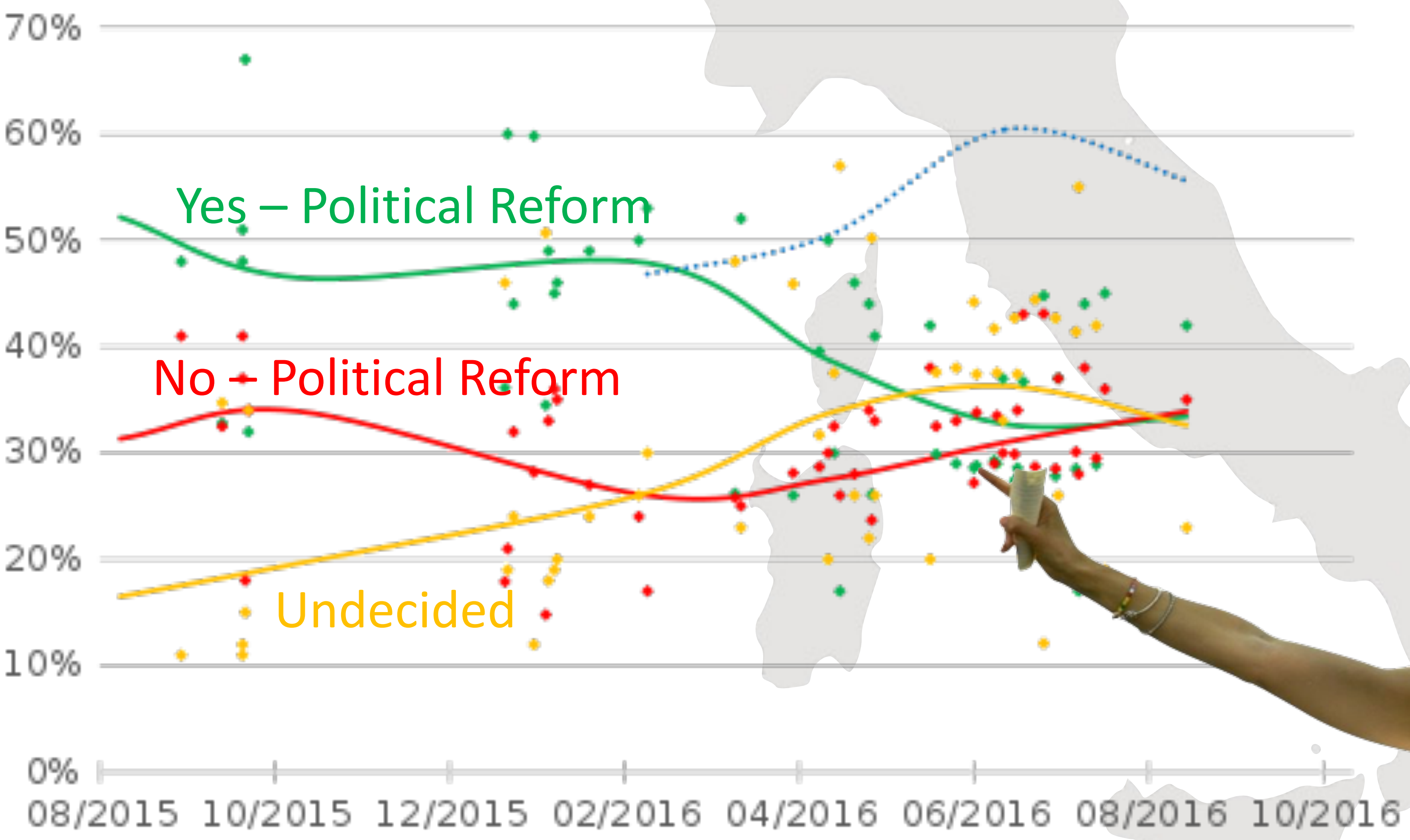
Market Misjudged Brexit

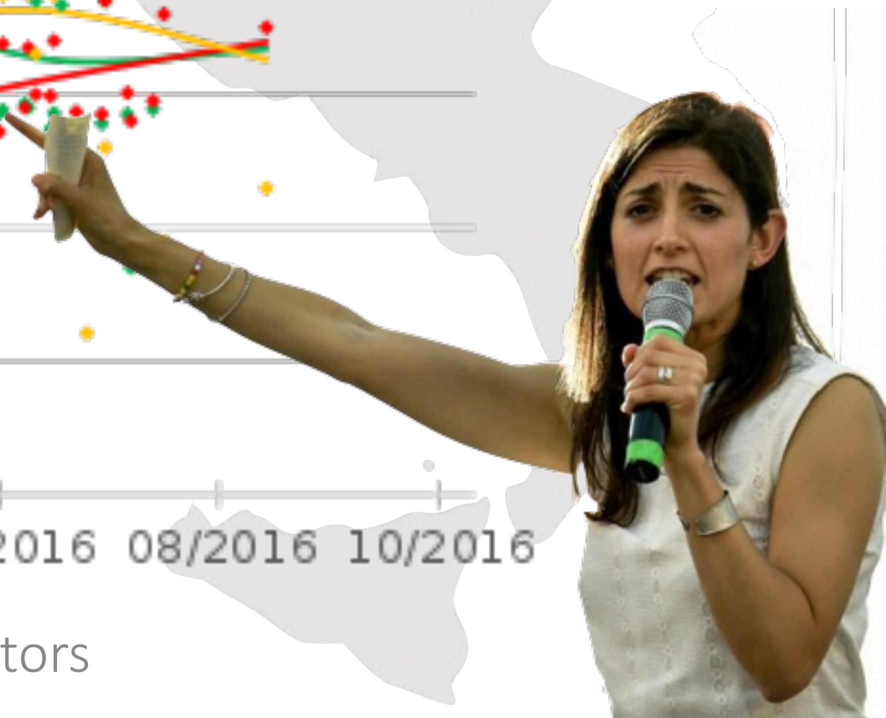


We believe it's also Misjudging Italy

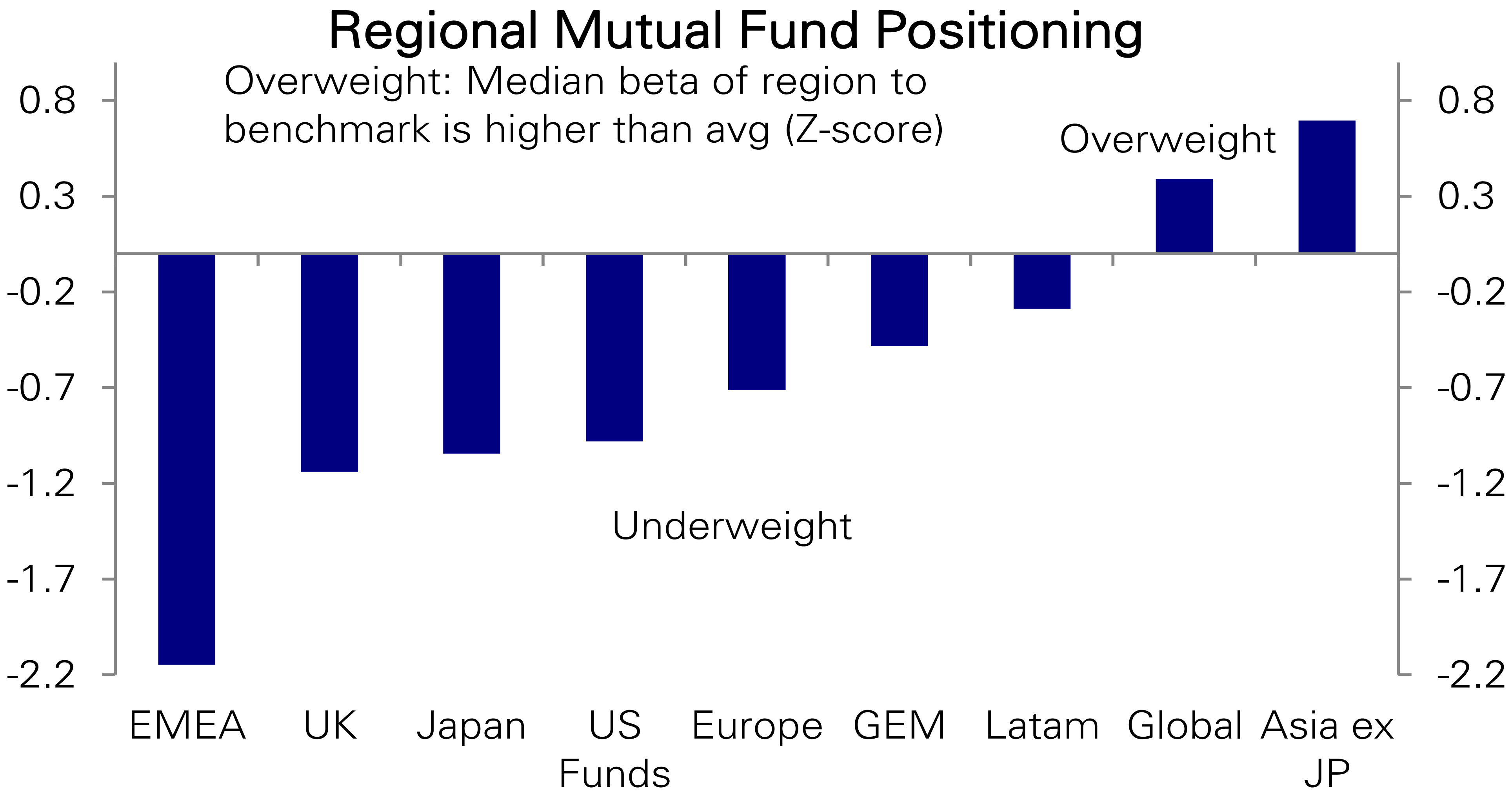


What’s Going on in Italy?

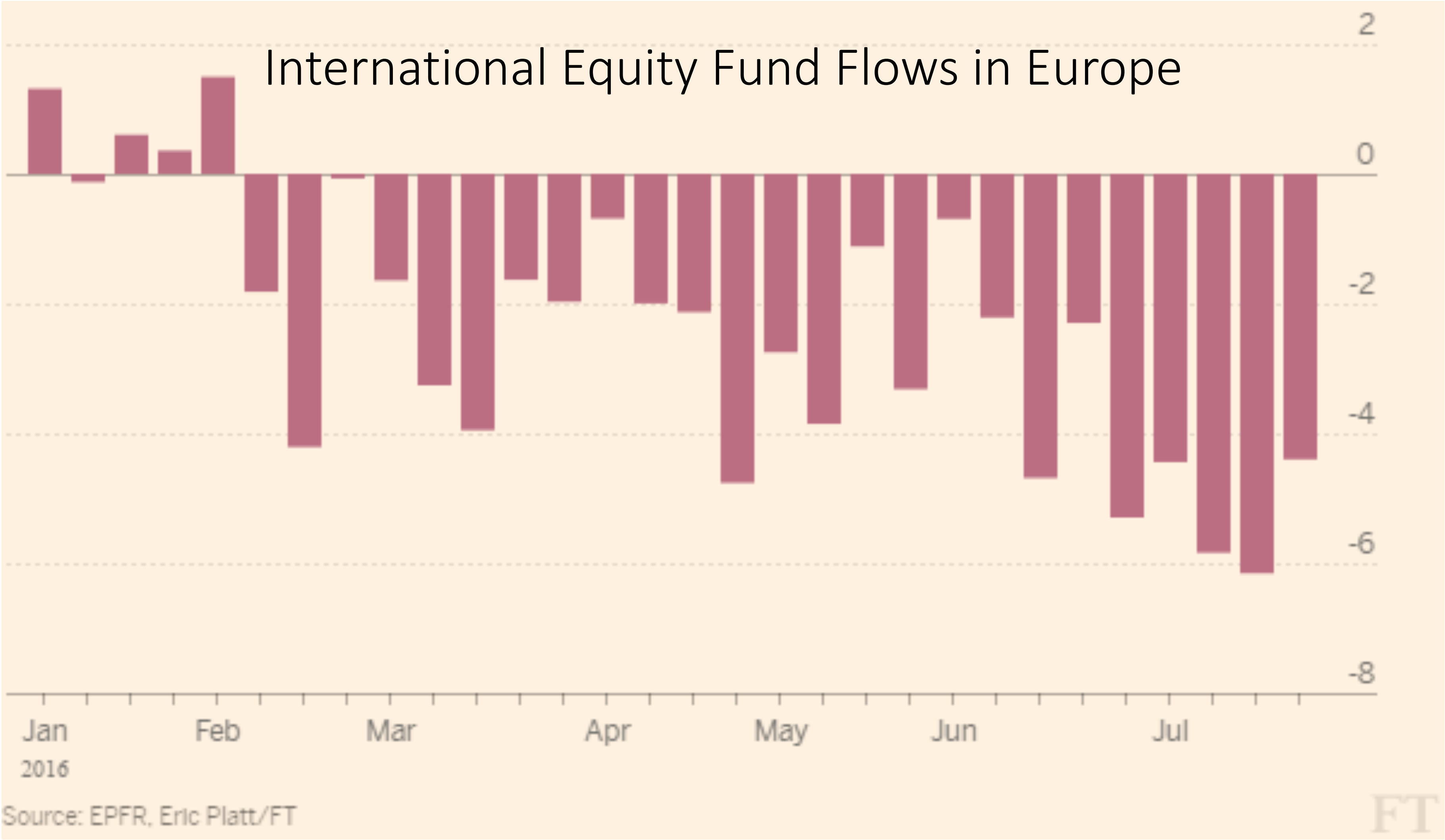




The World is Underweight

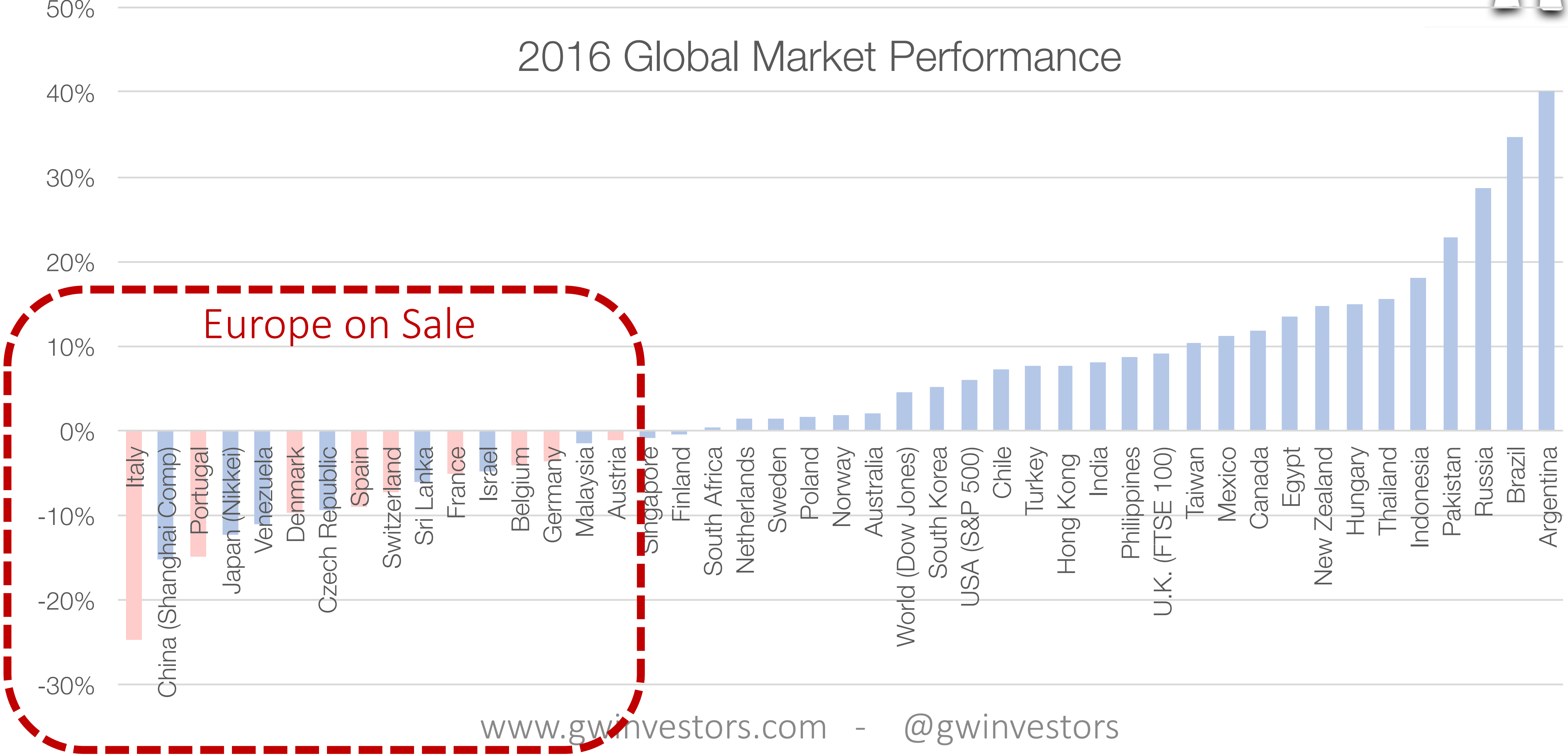


Left for Dead

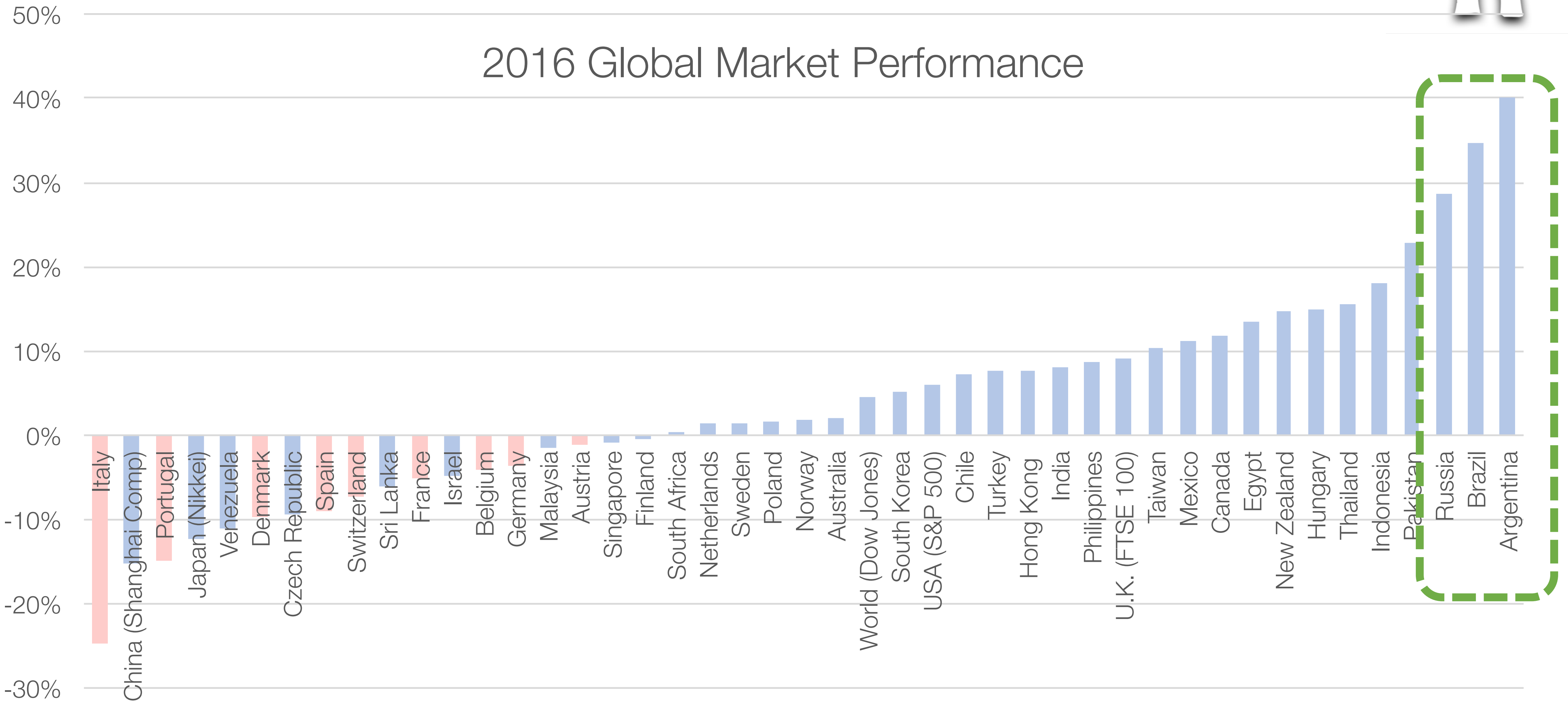


Source: [FT] www.gwinvestors.com - @gwinvestors

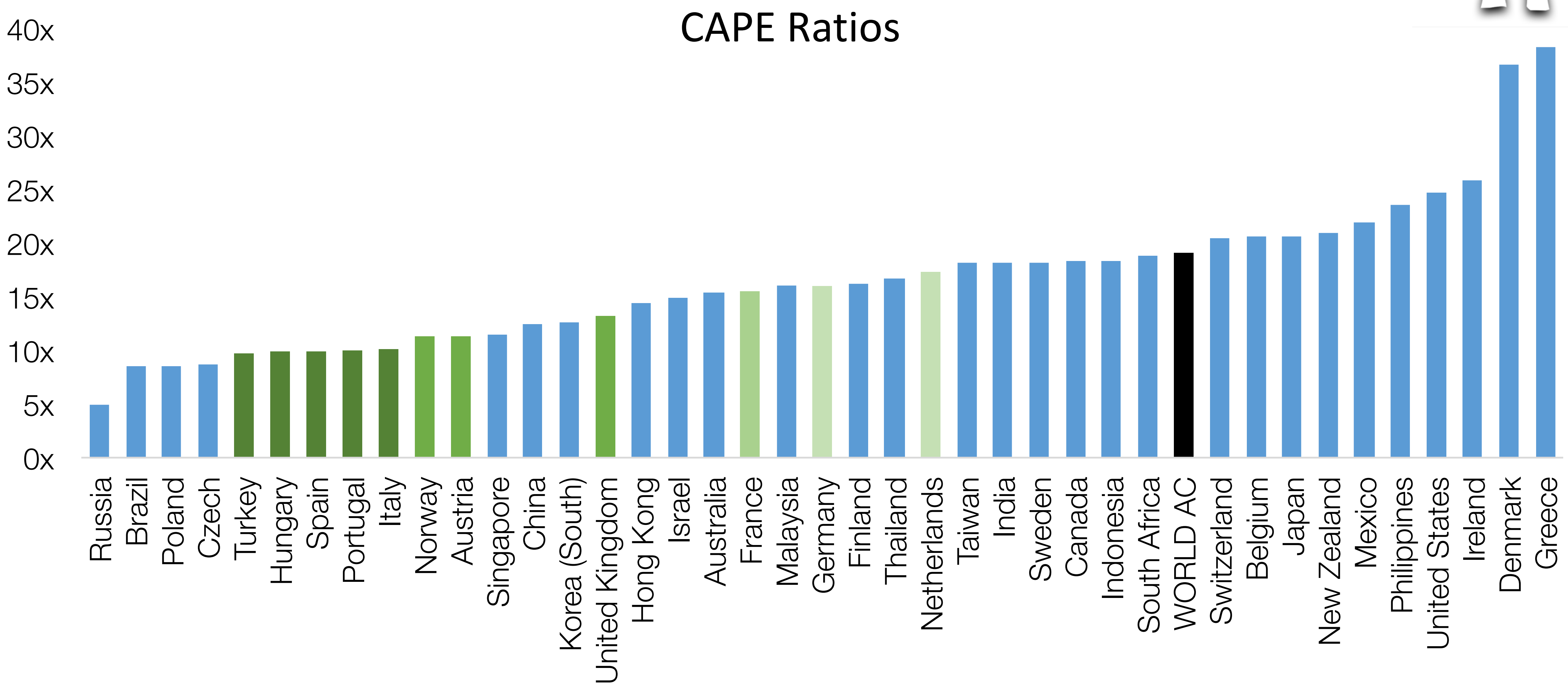
Flows Have Driven Returns



Last Year's Dogs are This Year's Heroes

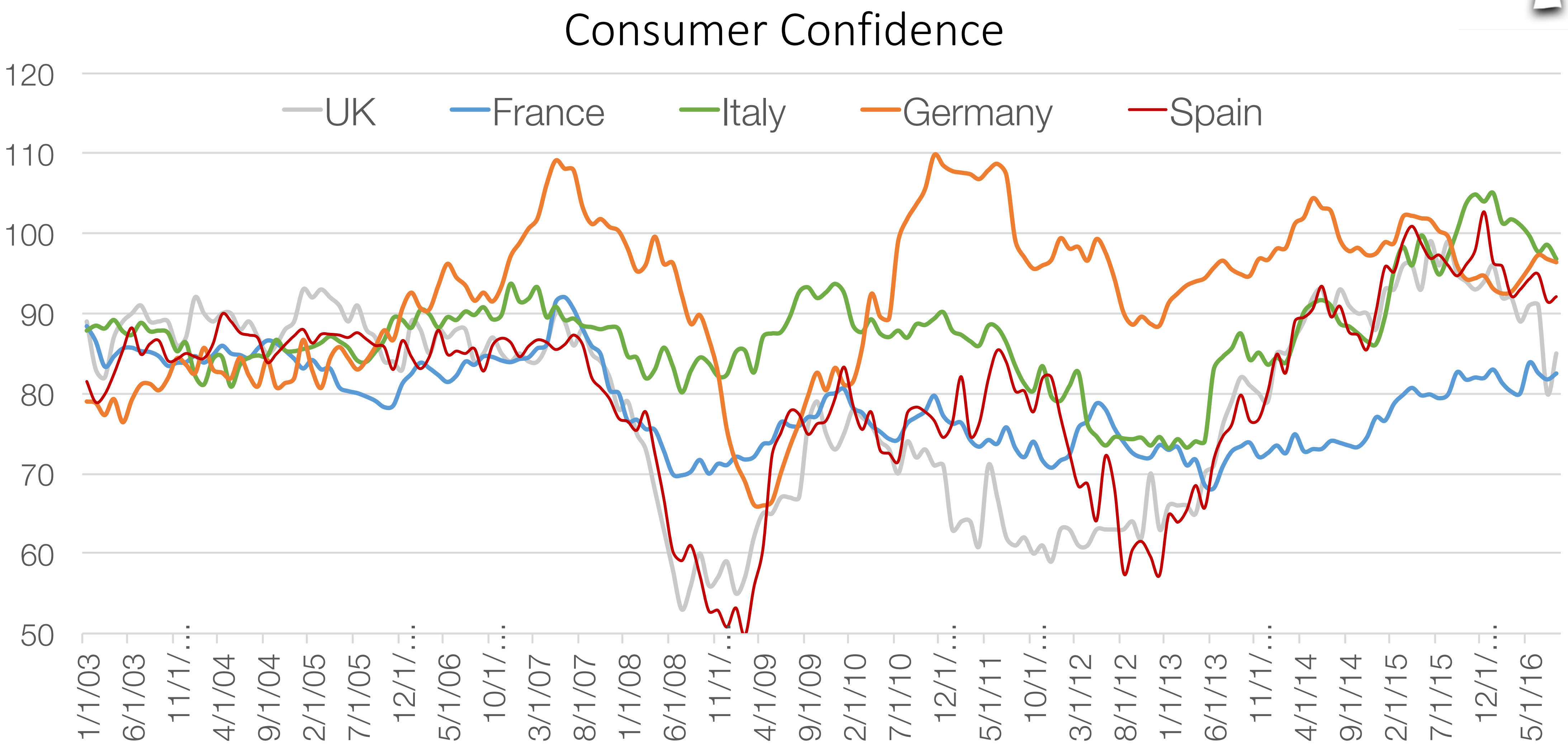


Valuations are *Very* Attractive



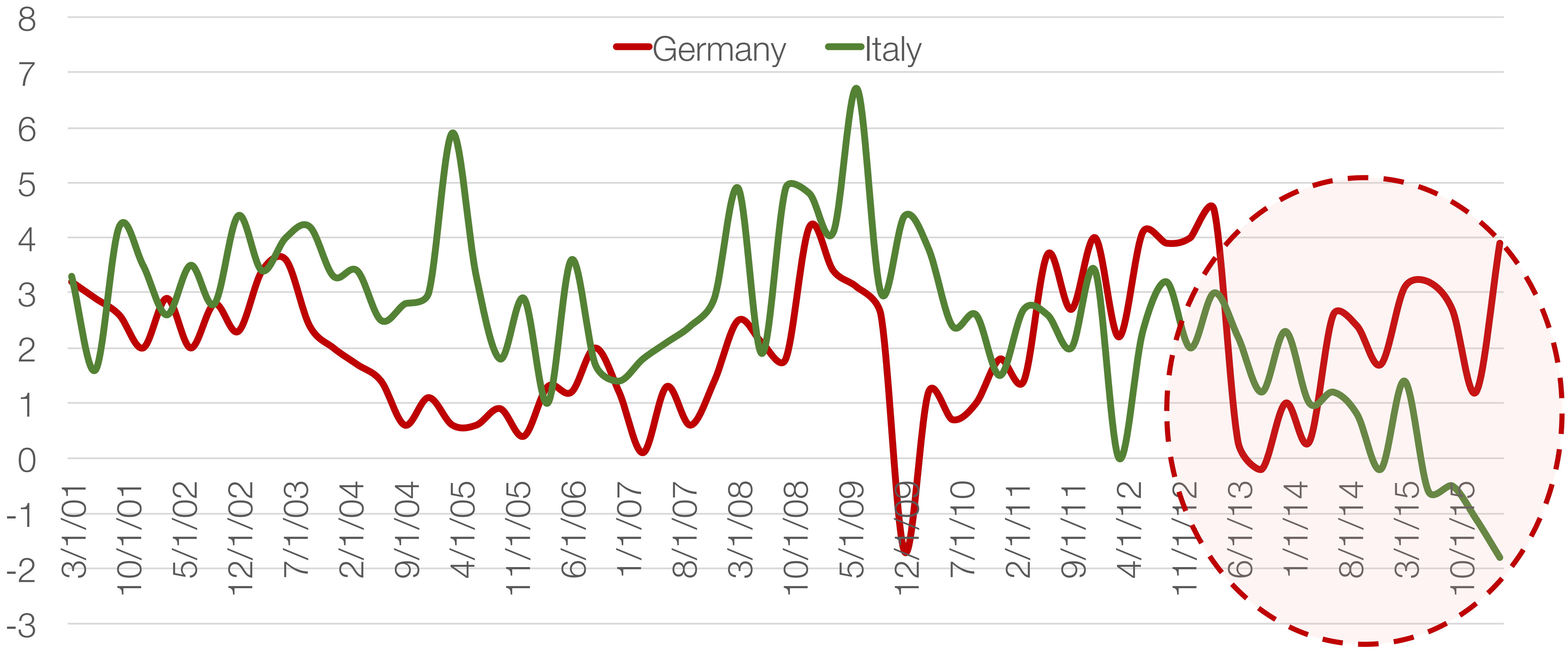
Source: Star Capital

Even Though Fundamentals Are Strong



Positioning Within Europe

Labor Cost Indices



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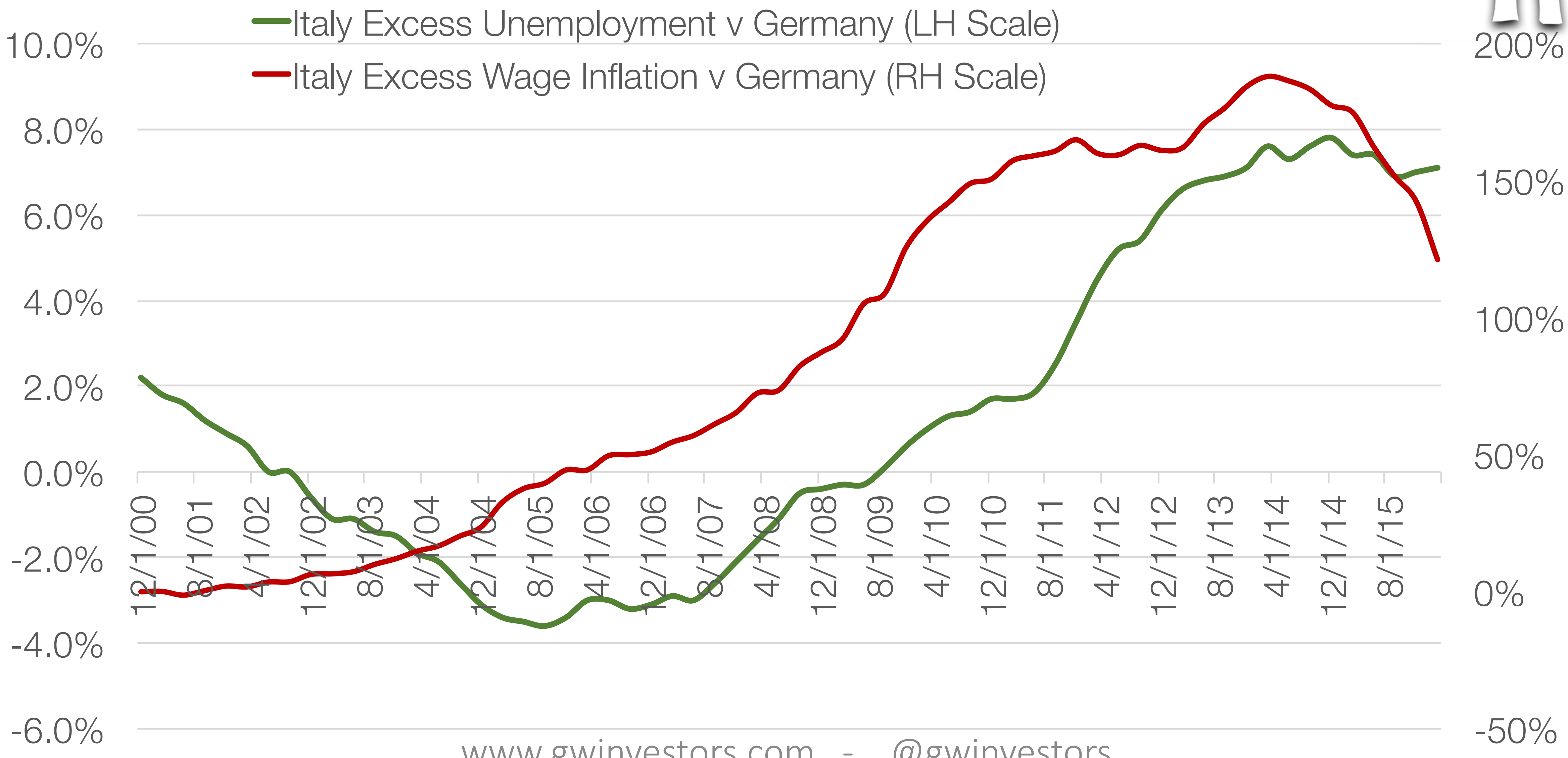
Positioning Within Europe



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96% Correlation (12 month lag)

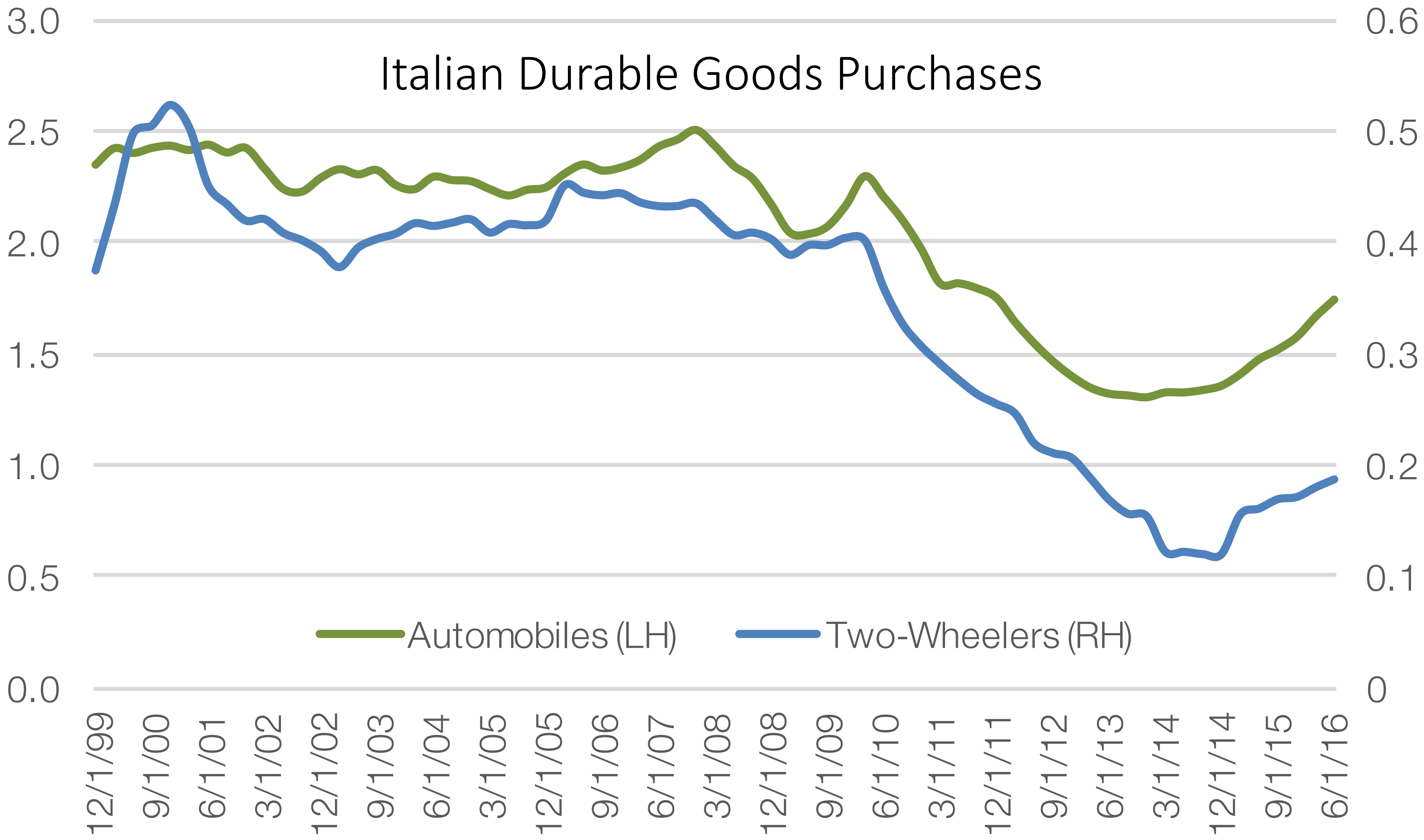
Overweight
Italy

- Rising Profit Margins
- Lower Wages
- Lower Tax Rate
- Better Valuations
- Better Corp Governance
- More Competitive in breakup

Underweight
Germany

- Weakening Profit Margins
- Higher Wages
- Higher Tax Rate
- Higher Valuations
- Worse Corp Governance
- Less Competitive in breakup

Bigger Recovery in Italy



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This is creating great opportunity

Lollapalooza

What if you could get this…

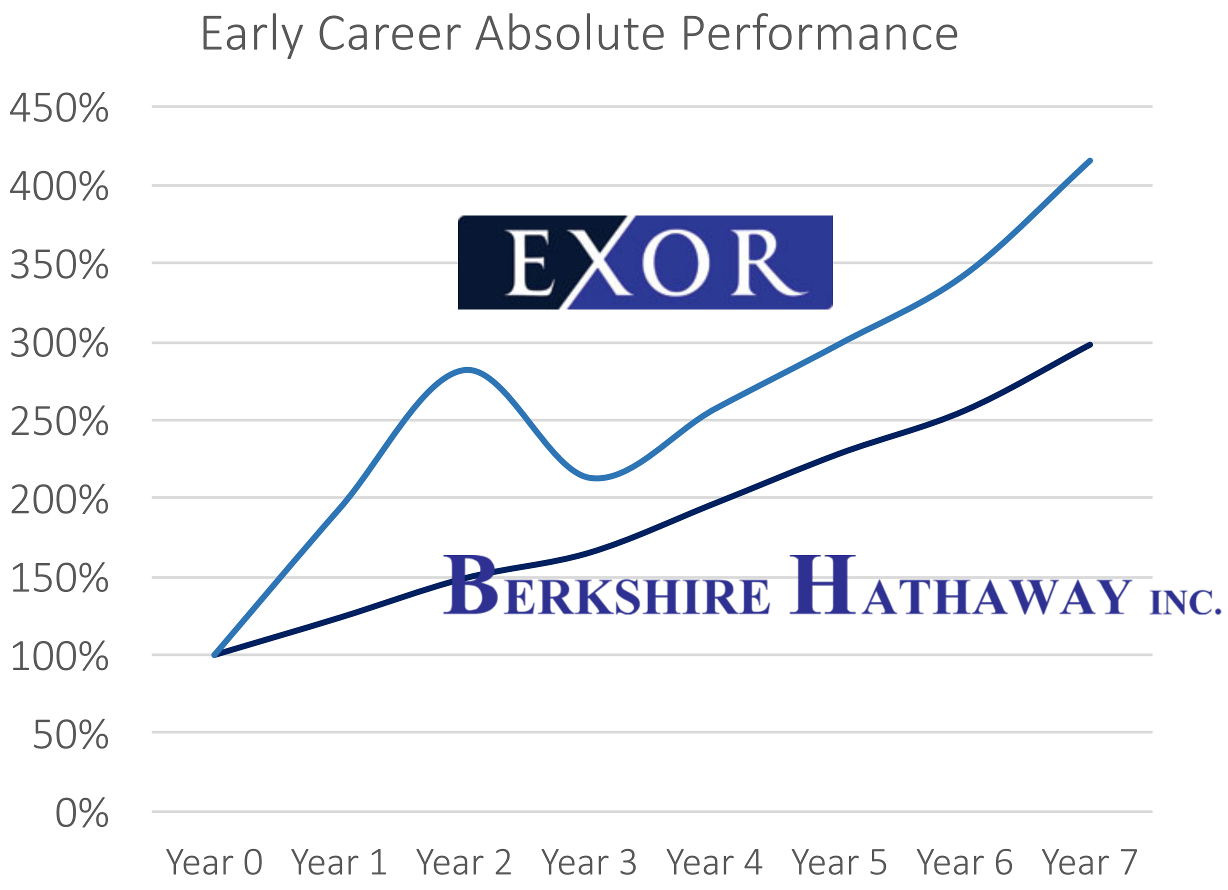
At his preferred Valuation

Kraft Heinz	Restaurant Brands International	Markel	Berkshire Hathaway Inc.
Forward PE 27.3x	Forward PE 28.8x	Price / Book 1.53x / 153%	Price / Book 1.35x / 135%

Obviously this isn’t possible.

Source: Factset

Combing the World For Another...



A Price Ben Graham Would Love…

EXOR — Price / NAV 0.80x / 80%

Berkshire Hathaway Inc. — Price / Book 1.35x / 135%

Powerful Value Drivers

EXOR

Reinsurance capital

Value-Added Investor

Less Investor Competition

Exceptional Management teams

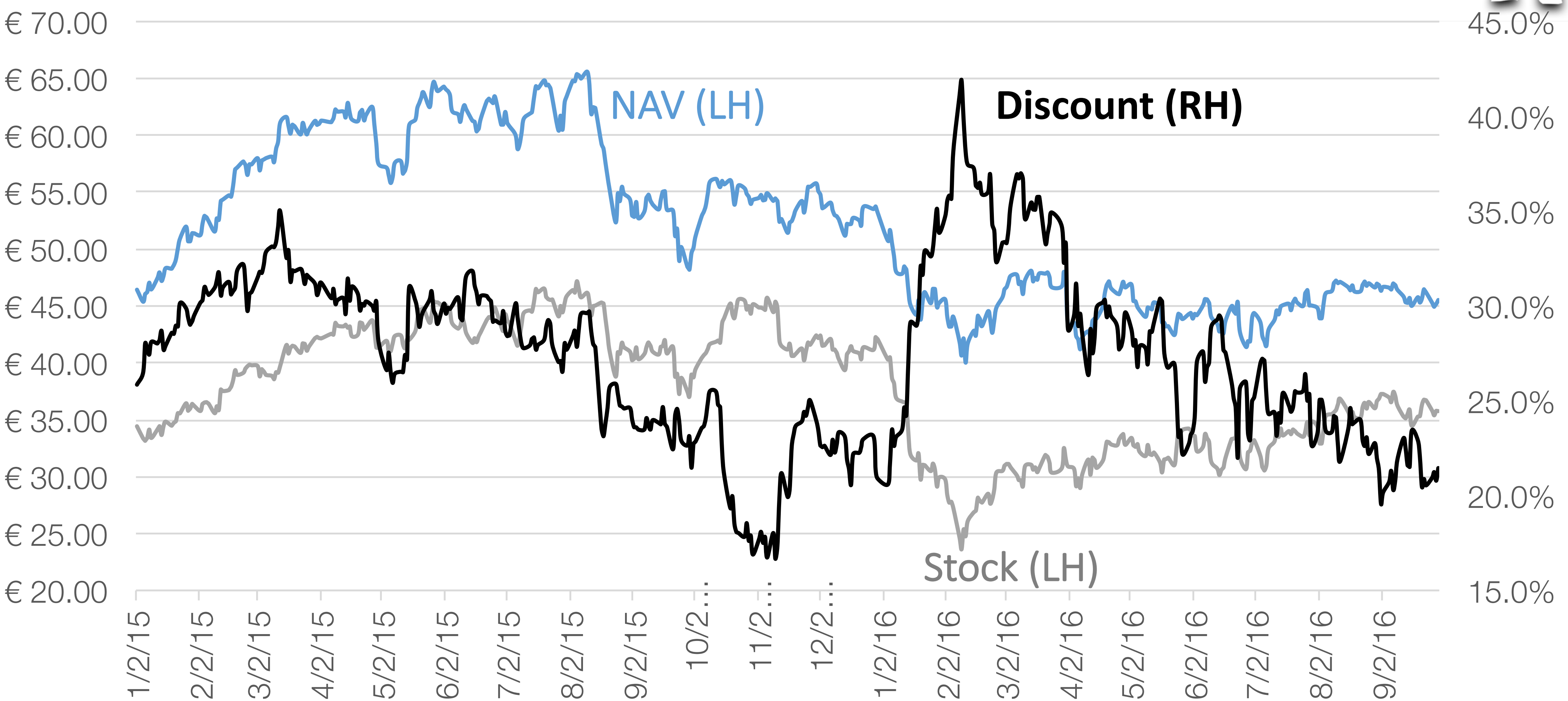
ROIC Focus

Concentrated, Contrarian

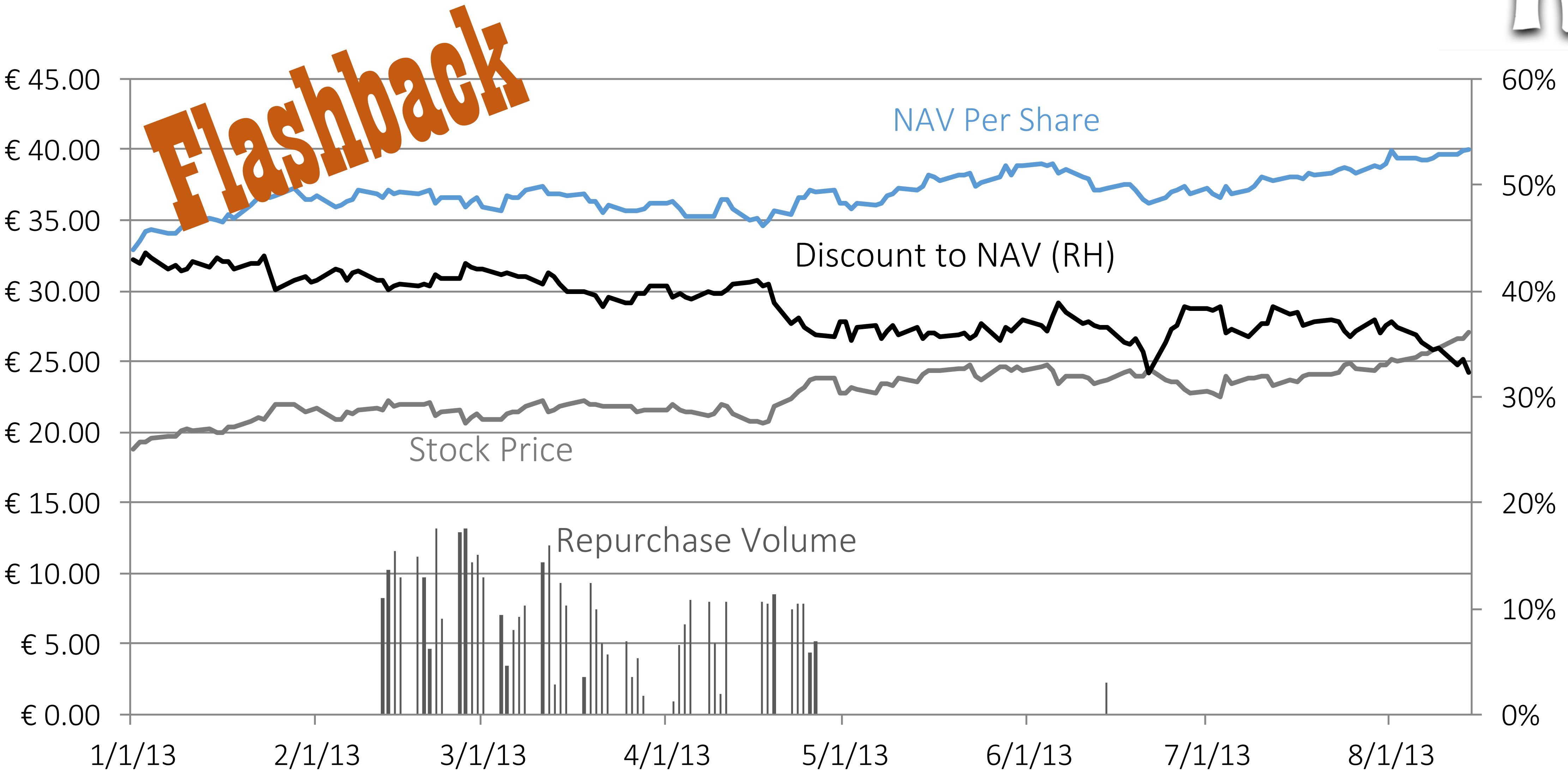
EXOR

4.4% Revenue from Italy

Now a **Healthy** Discount to NAV



We Don't Want the Discount to Narrow



Concentrated Private Equity Portfolio

NAV: €44.39

FCA
FIAT CHRYSLER AUTOMOBILES
€11.61

CNH
€9.98

€8.56

Others €3.02

PartnerRe
€26.53

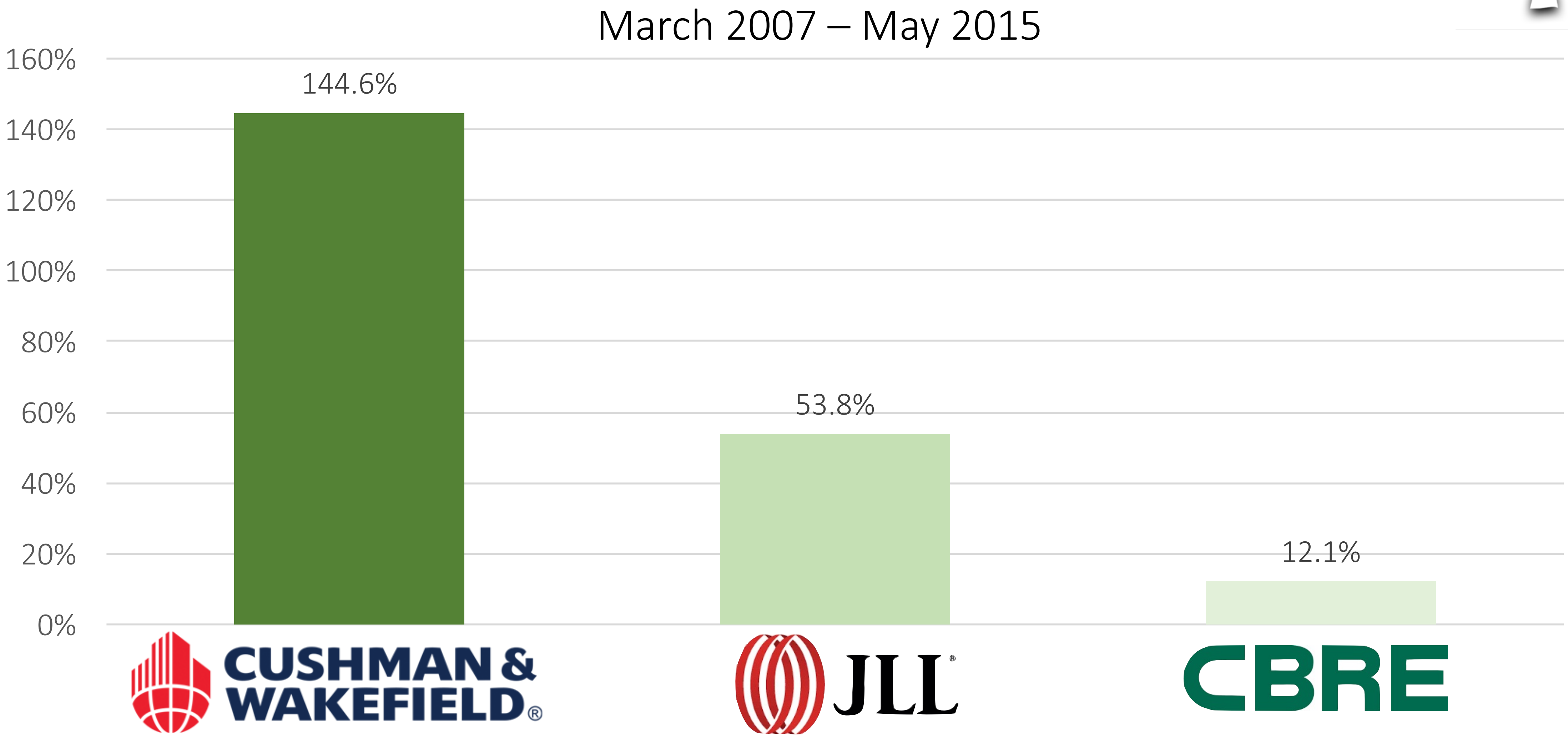
Net Debt
€15.33

Vs.

EXOR
€35.76
(20% Discount)

All figures per EXO share

History of Value-Add Management



Recent Economist Transaction

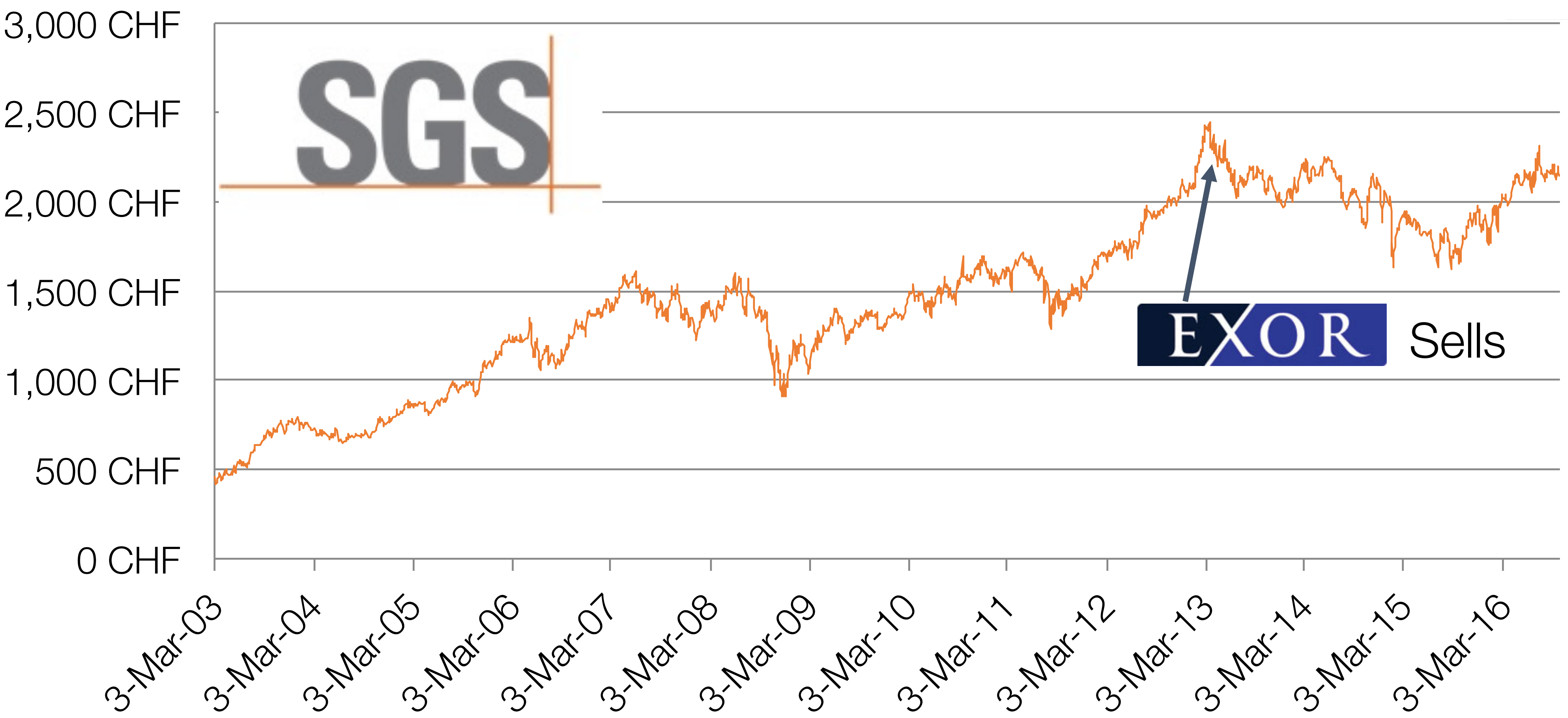
The Economist

2015
34.7%

Today
43.4%

Zero Cash Out the Door

An Edge on Buffett – Disciplined Sale History




"Short everything that guy has touched."

Buy everything this guy has touched.

A Special Situations Machine – Last 5 Years

Spin-Offs / Carve-Outs

Mergers

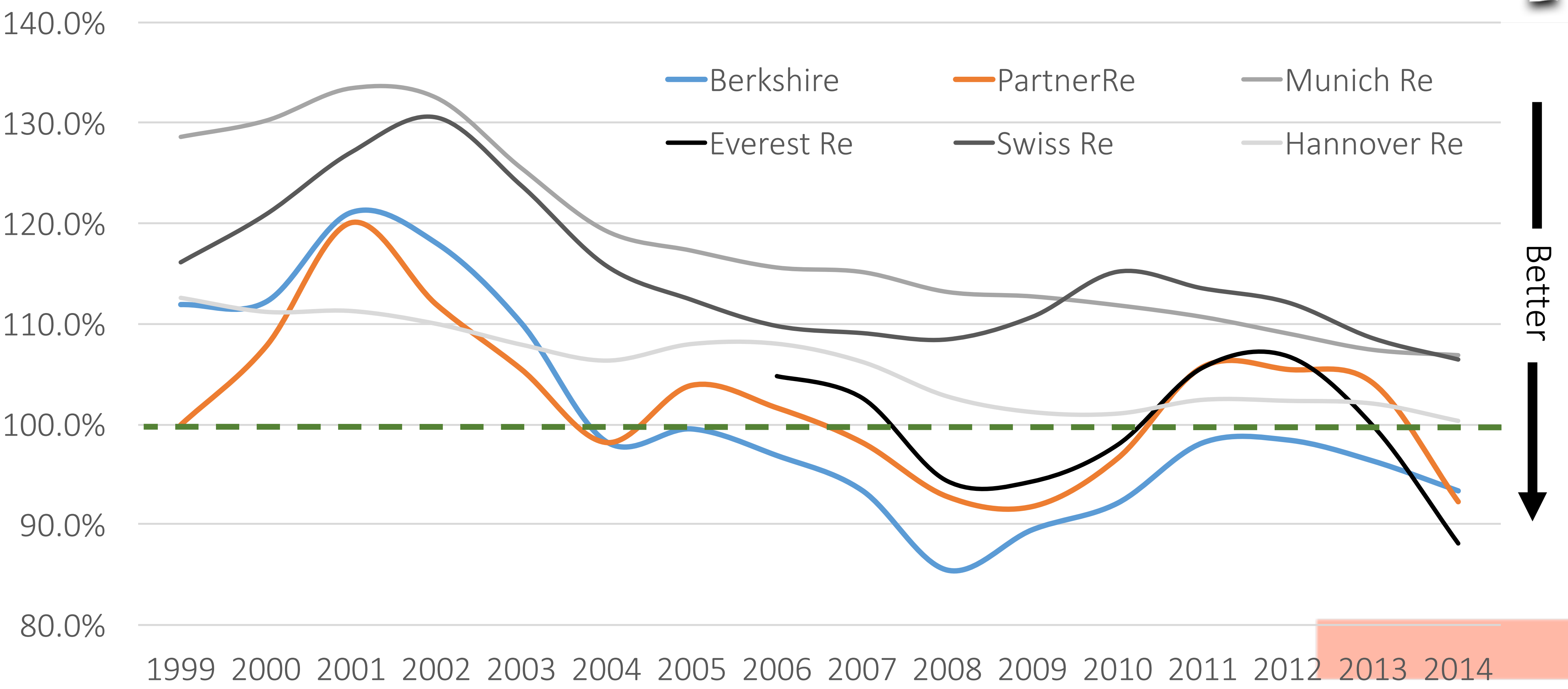
Restructurings

Share Repurchases

Business Builders

PartnerRe

Best-In-Class Underwriting



20-Year Pre-Investment Combined Ratio

98.9%

PartnerRe

99.0%

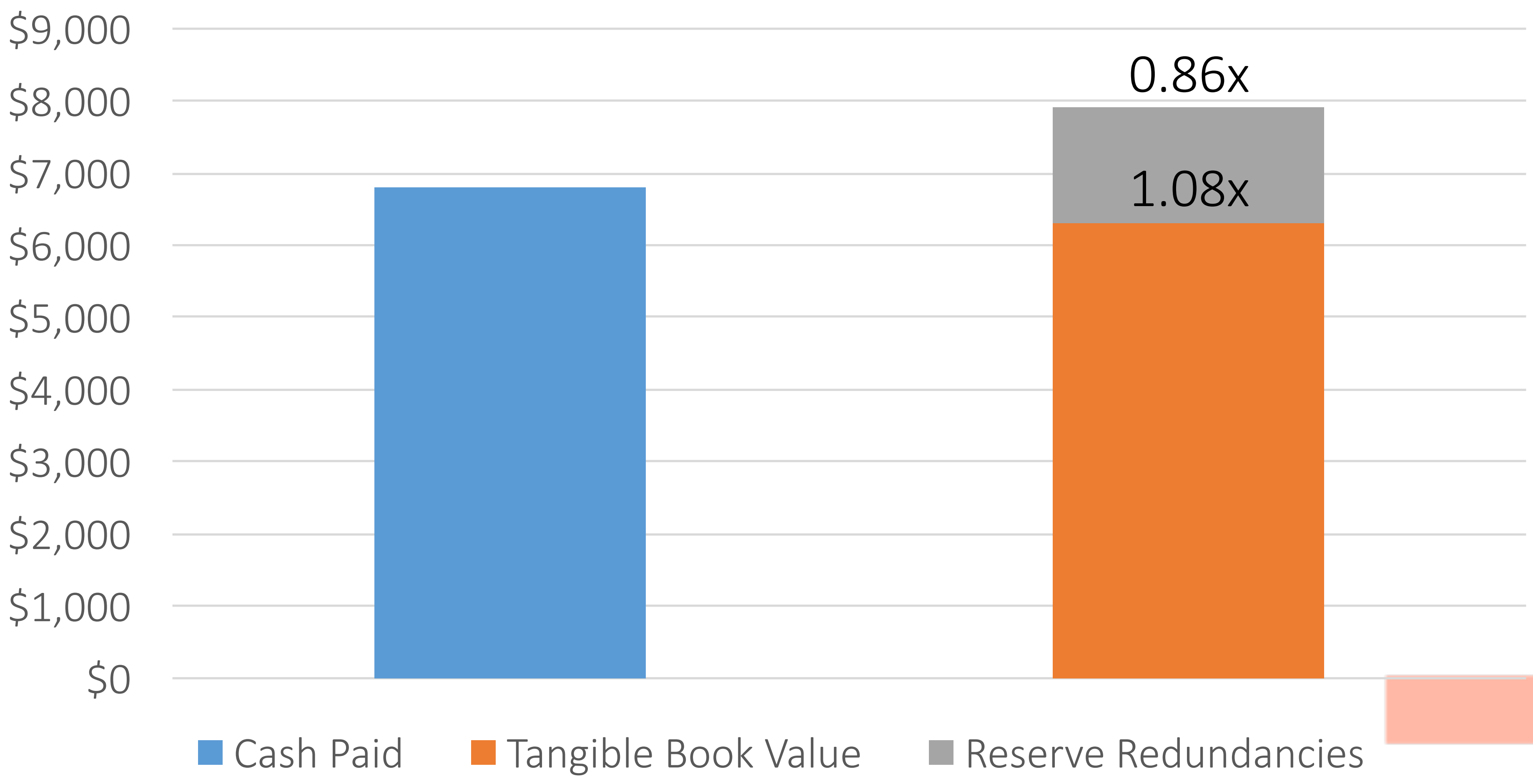
BERKSHIRE HATHAWAY INC.

98.9%

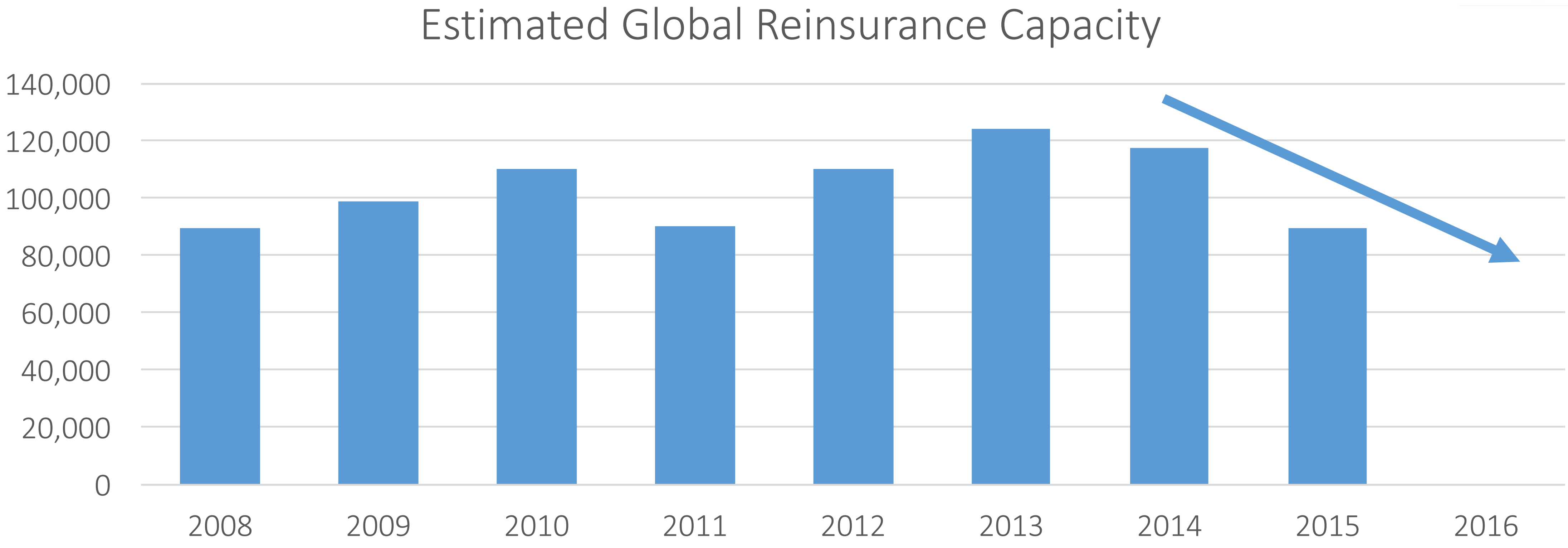
PartnerRe

Free Capital

Reasonable Price Paid

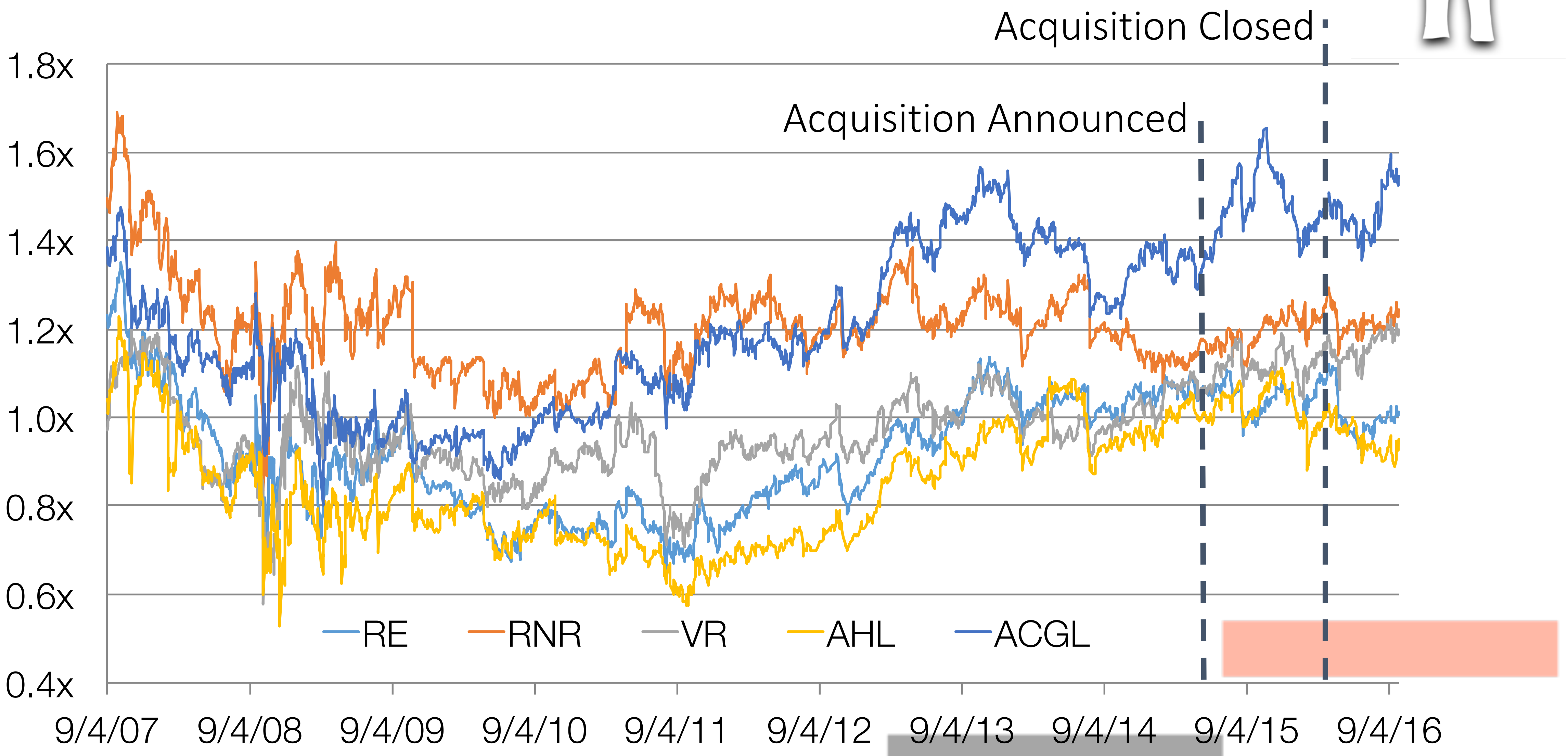


Capital Leaving Industry



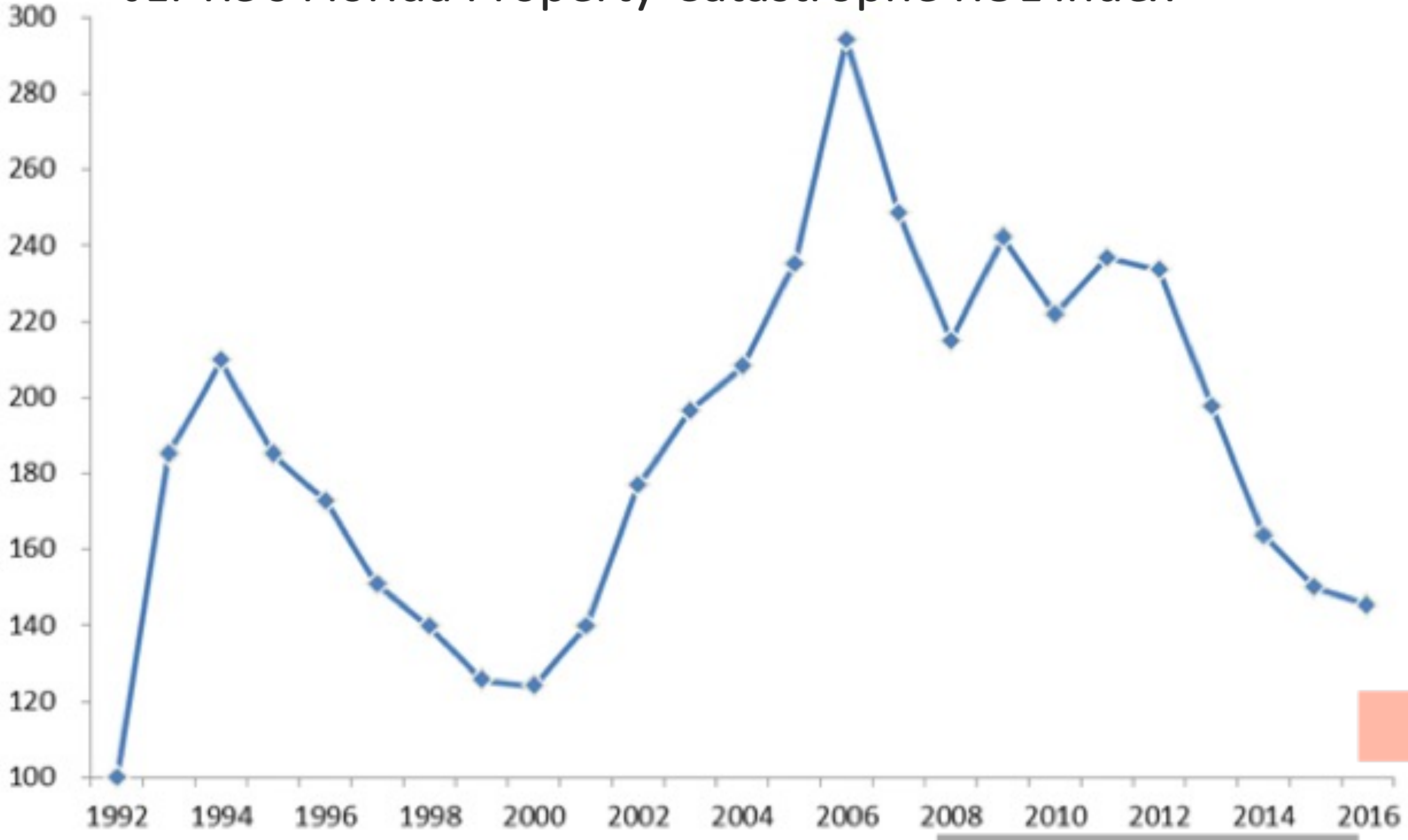
Lower interest rates make funding from reinsurance policies less attractive to non-core players.

A Particularly Well-Timed Acquisition



The Worst Segment Stabilizing

JLT Re's Florida Property-Catastrophe ROL Index



Source: [JLT](JLT)

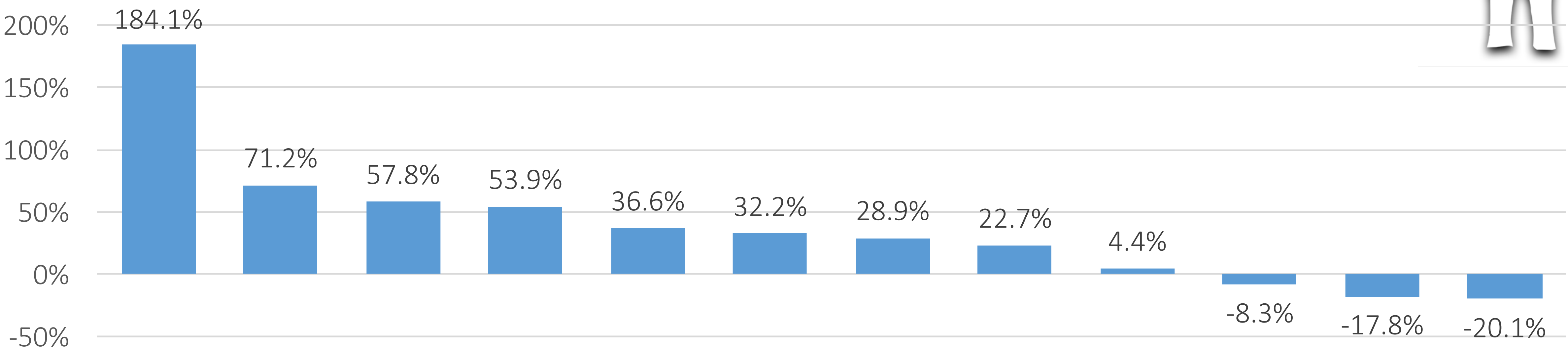
PartnerRe

1. Fair price paid @ cyclical bottom
2. Reinsurance pricing stabilizing
3. Specialty lines have sustainable competitive advantage
4. LT Focus allows responsible U/W, improve capital allocation
5. Free capital will not always be so ubiquitous
6. Defensive business model poised to outperform bear market
7. Transaction Advised by Industry Maven

FIAT CHRYSLER AUTOMOBILES

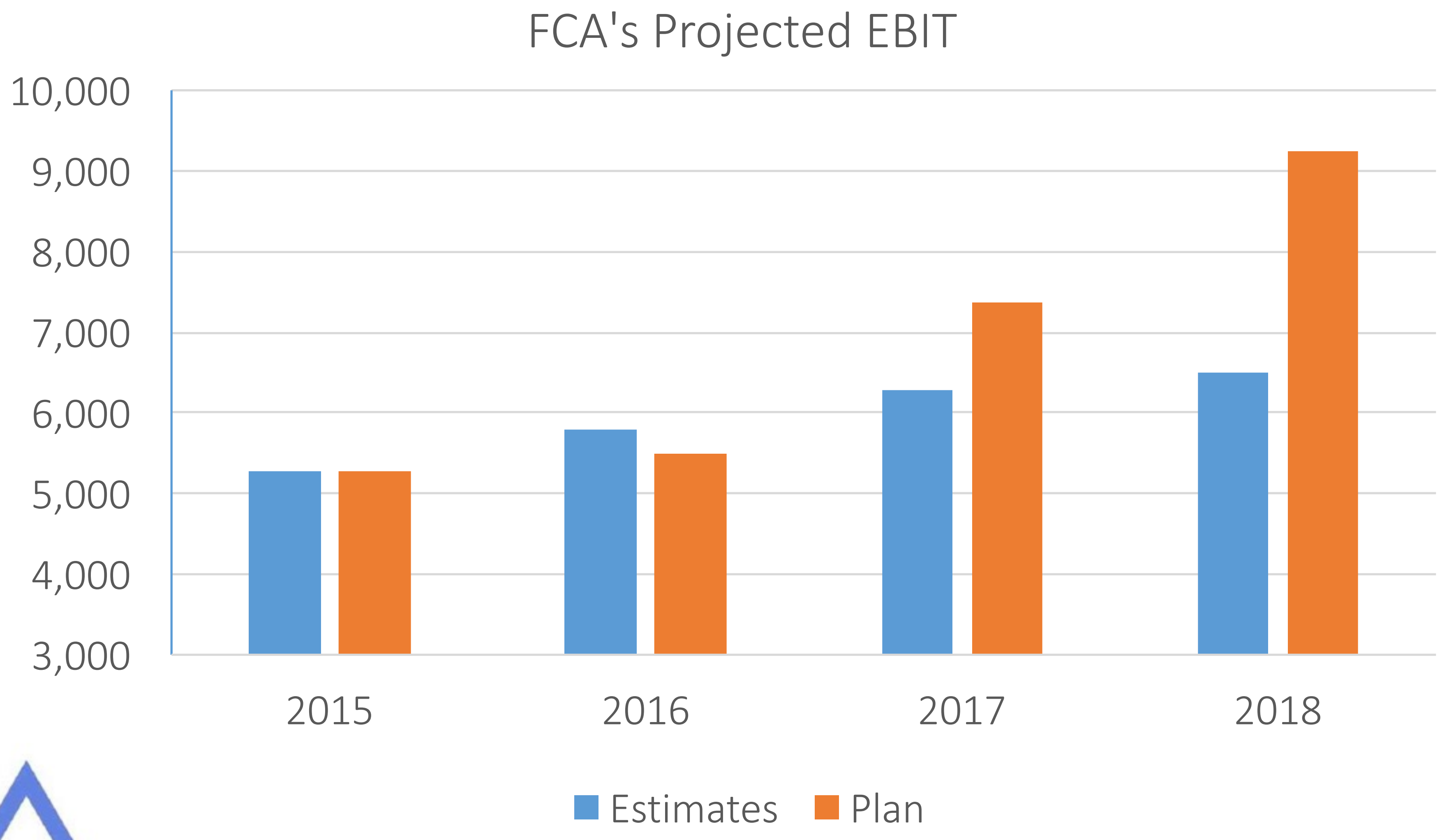
A Capital Junkie in a Mad World

CEO's Focus Matters



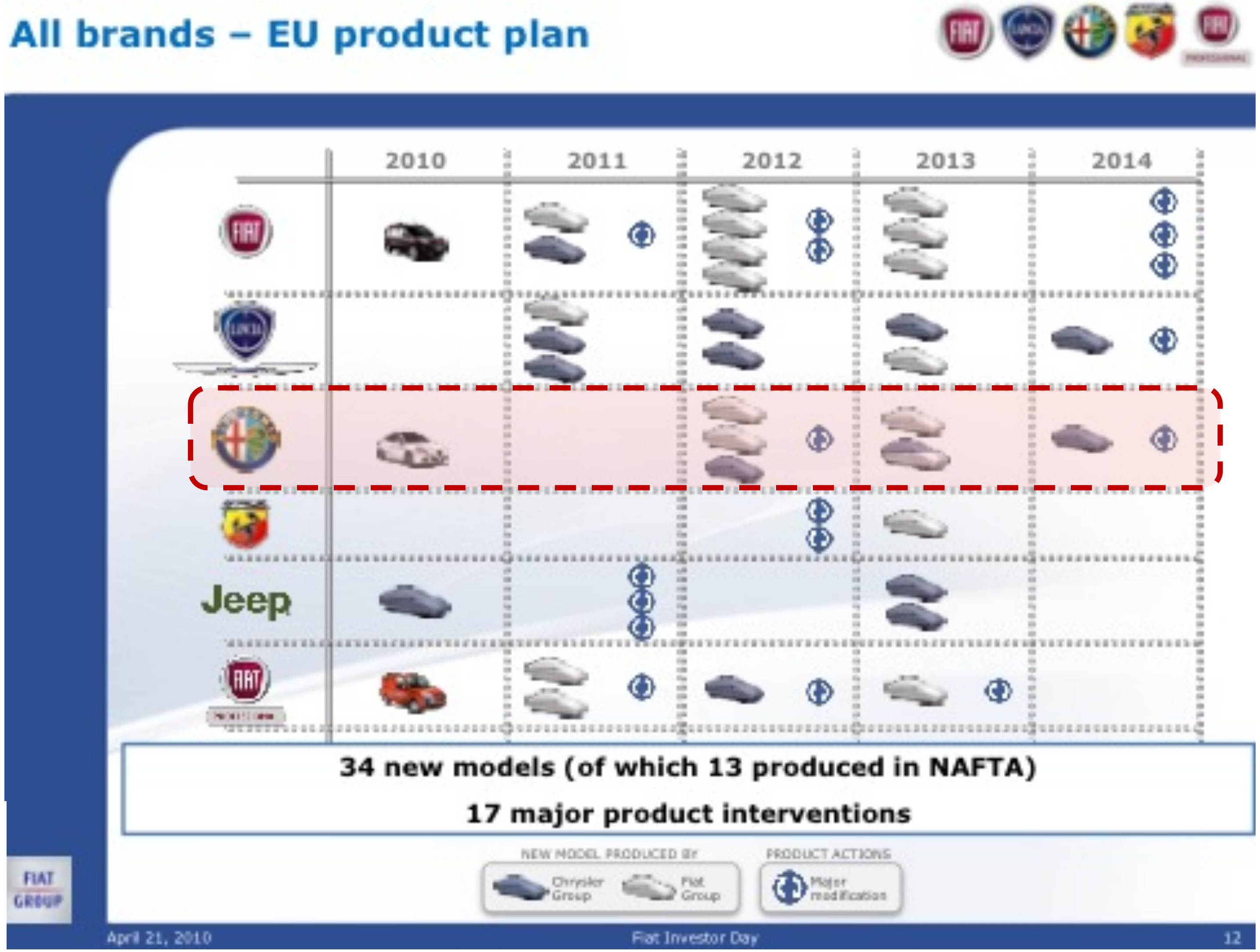
Marchionne	Mulally	Toyoda	Zetsche	Ghosn-Renault	Ghosn - Nissan	Winterkorn	Mueller	Tavares	Fields	Barra	Krueger
6/04	9/06	6/09	1/06	5/05	6/01	1/07	9/15	3/14	7/14	1/14	5/15
ROIC	Global Platform	Crisis Mgmt	Restru-cturing	Global Platform	Crisis Mgmt	#1 in World	Crisis Mgmt	Crisis Mgmt	"Mobility"	Product	Electric

A Junkie Who No One Believes...



FIAT CHRYSLER AUTOMOBILES

Who Has Missed A Few Targets…



FIAT CHRYSLER AUTOMOBILES

Capital Redirected

Investment:

$3,718

Fiat cash outlay

2015 FCF:

$3,728

(Our Estimates)

CHRYSLER

100% Cash ROIC

FCA

FIAT CHRYSLER AUTOMOBILES

Key Drivers

1. New Product
2. Reduced Incentives on Old Vehicles
3. Commodities Savings
4. Balance Sheet Savings

FIAT CHRYSLER AUTOMOBILES

1. New Product – Next 12 Months

Model	Base Case Volumes	Base EBIT Contribution	% of 2015 EBIT	Bear Case Volumes	Bear EBIT Contribution	% of 2015 EBIT
Alfa Romeo Giulia	76.6k	€361.7	7.1%	54.8k	€258.6	5.1%
Maserati Levante	25.2k	€362.1	7.1%	11.2k	€161.5	3.2%
Fiat Toro (Brazil only)	69.1k	€290.7	5.7%	30.3k	€127.7	2.5%
Chinese Local Jeeps (Cherokee & Renegade)	190.0k	€323.3	6.3%	152.0k	€258.7	5.1%
Fiat Tipo	71.7k	€286.8	5.7%	43.5k	€152.3	3.0%
2016 New Segments	432.6k	€1,624.6	31.8%	291.8k	€958.8	18.8%

FIAT CHRYSLER AUTOMOBILES

€950-1600 million tailwind

2. Reduced Incentives

Model	Town & Country	Jeep Compass / Patriot	Dodge Journey	Fiat Punto
Old Model				
Refreshing*	Q1-2 2016	2H 2016	Mid 2016	Q4 2016
Avg. MSRP	$35,471	$23,058	$26,828	£10,990
Current Incentive	$4,500	$3,750	$2,875	£2,235

FCA
FIAT CHRYSLER AUTOMOBILES

€600-700 million tailwind

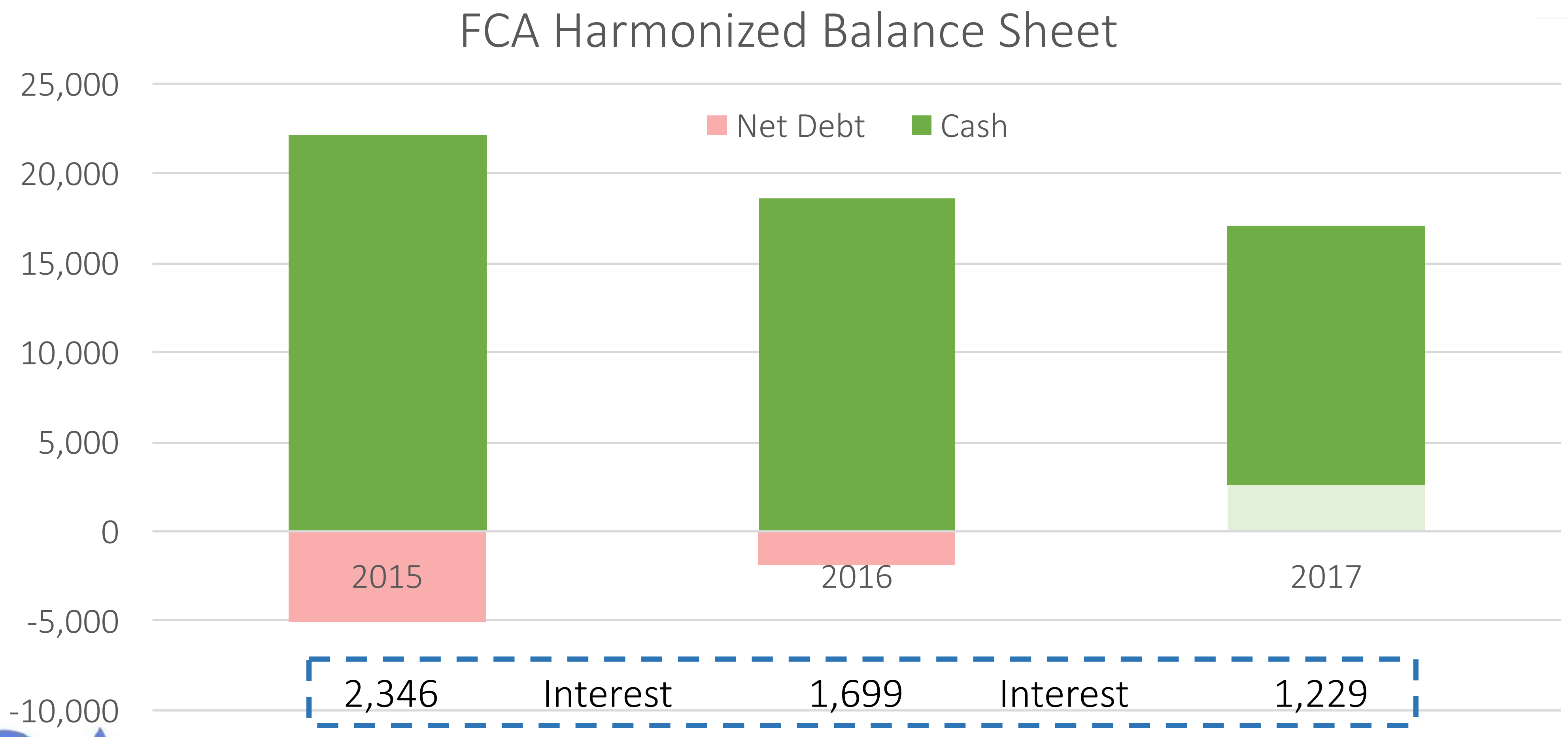
3. Commodities Savings

Commodities per vehicle	12/2014 Value	12/2015 Value	Change
Steel	$669	$432	-$237
Iron Castings	$34	$19	-$14
Aluminum	$287	$236	-$51
Copper / Brass	$168	$126	-$42
Platinum	$128	$94	-$34
Rhodium	$18	$9	-$8
Palladium	$56	$40	-$17
Plastic	$260	$168	-$92
Rubber	$639	$457	-$182
Total (per vehicle)			-$676
2015 Volumes (millions)			4.16
Total Fleet-Wide Change (millions)			-€2,833

FCA
FIAT CHRYSLER AUTOMOBILES

>€700 million tailwind if 25% Pass Through

4. Balance Sheet Savings

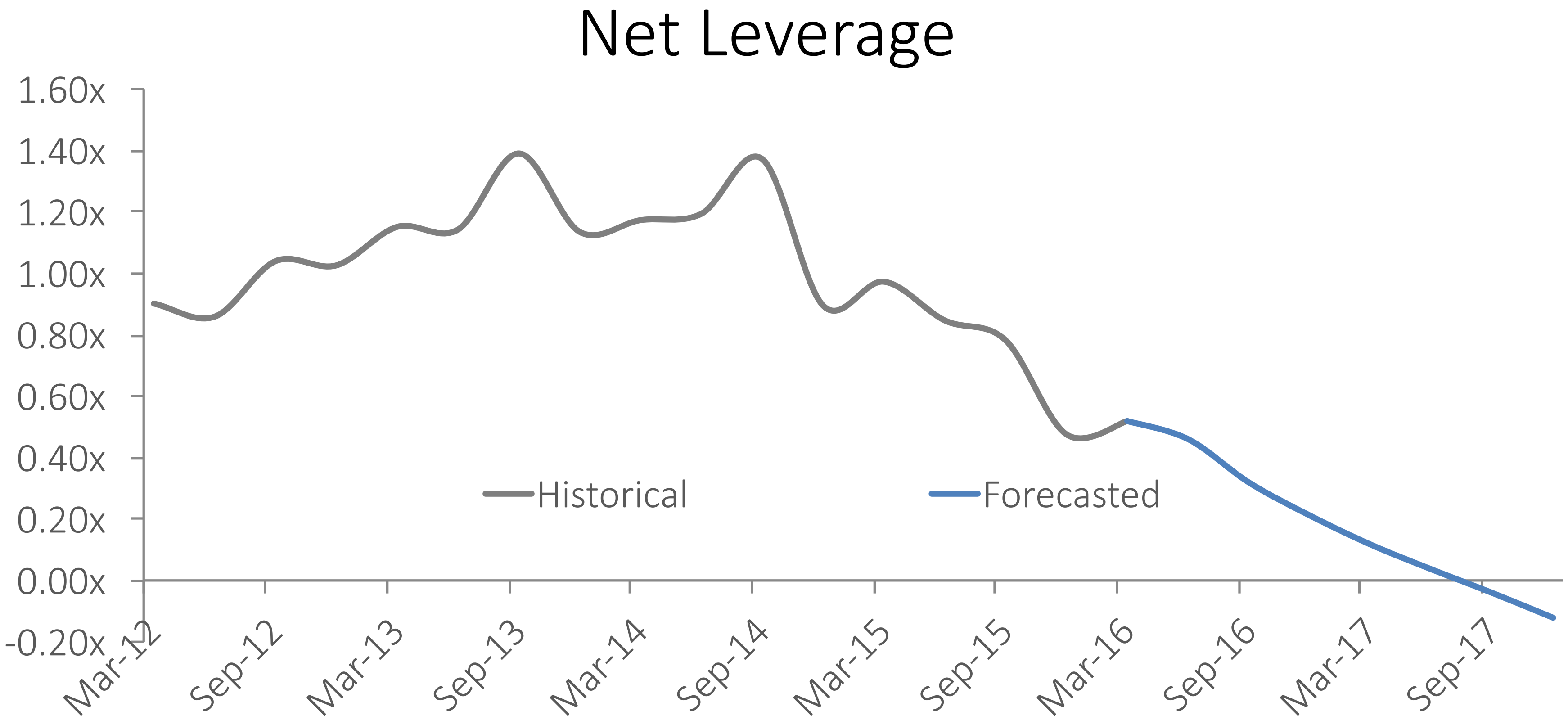


FIAT CHRYSLER AUTOMOBILES

~75% of 2015 EBIT Incremental

FIAT CHRYSLER AUTOMOBILES

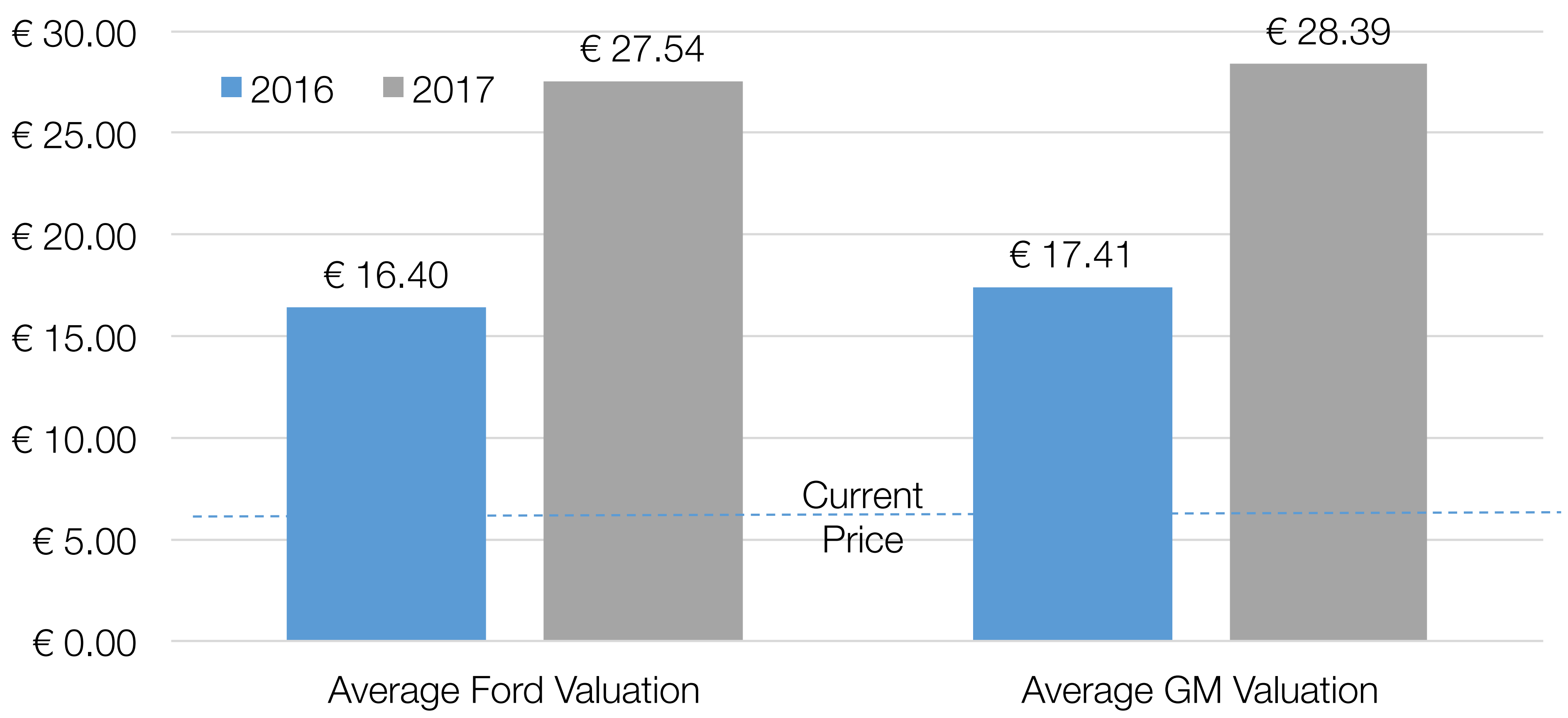
Balance Sheet Strengthening



Investment-Grade Rating Coming

FCA
FIAT CHRYSLER AUTOMOBILES

Relative Fair Value



FIAT CHRYSLER AUTOMOBILES

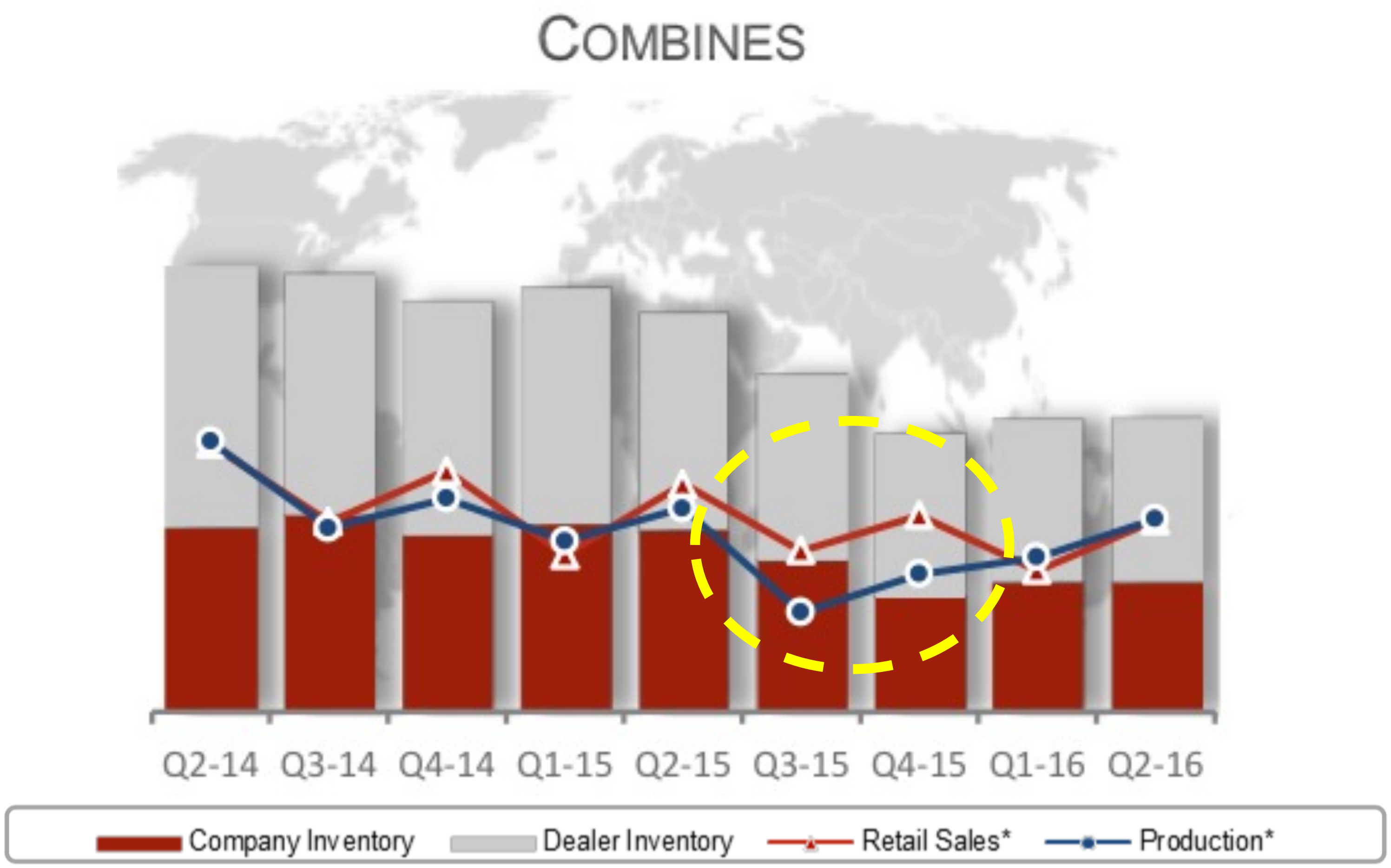
Recent Issues

1. German auto regulator creating headlines
2. Sales reporting missteps
3. Samsung buying Marelli?
4. 2018 Plan confirmed & upgraded
5. M&A unlikely until China blows

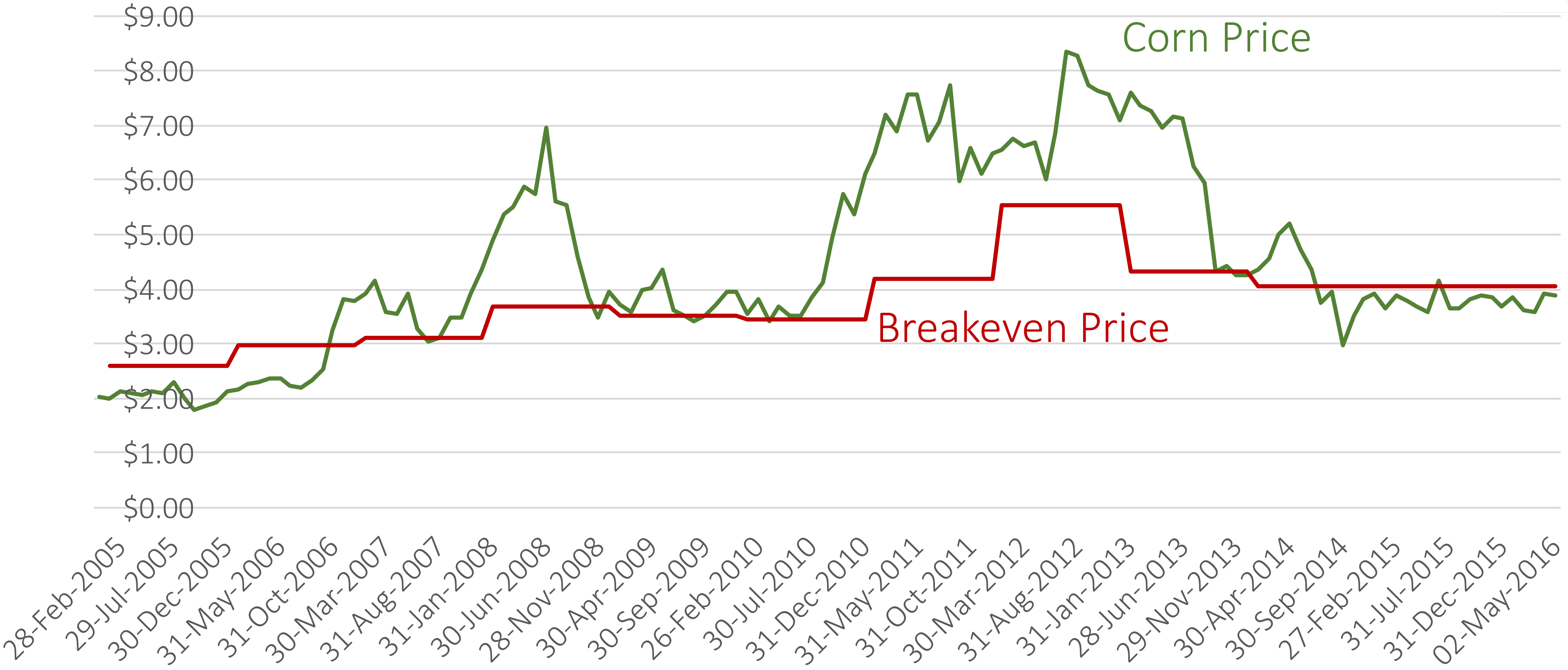
FIAT CHRYSLER AUTOMOBILES

Agricultural Coiled Spring

Production < Retail Demand

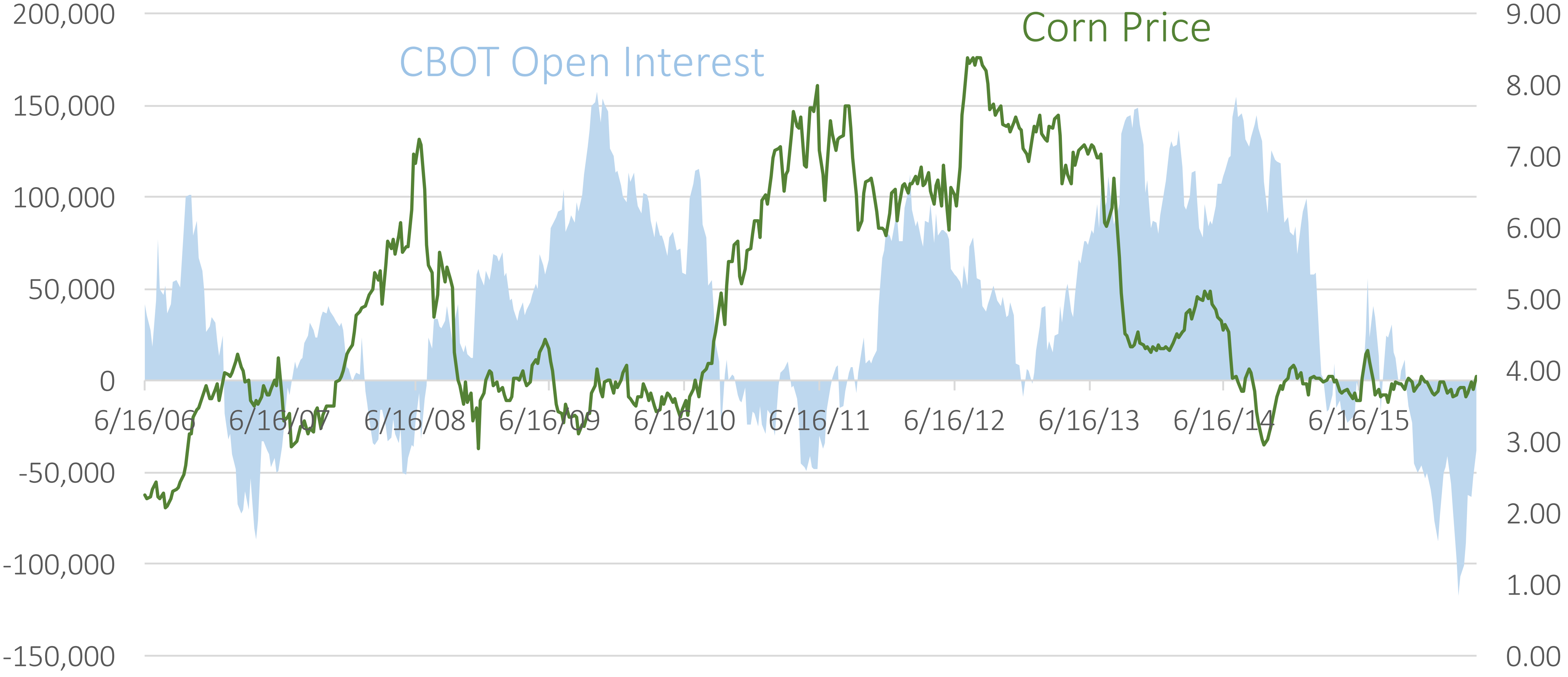


Corn Still Below Economic Break-even



Source: USDA

Heavy Short Exposure



Winding Up the Coiled Spring

Days to Cover Short Interest

8.6	15.3	13.7
JOHN DEERE	CNH INDUSTRIAL	AGCO

Significant Operating Leverage

7.7%

2015 EBIT Margin

31.2%

Incremental Margin

CNH INDUSTRIAL

Normalization Drives Significant Upside

$1,432

2015 Industrial EBIT

+$1,294

Ag Demand Normalization

Is Ferrari a Luxury Company?

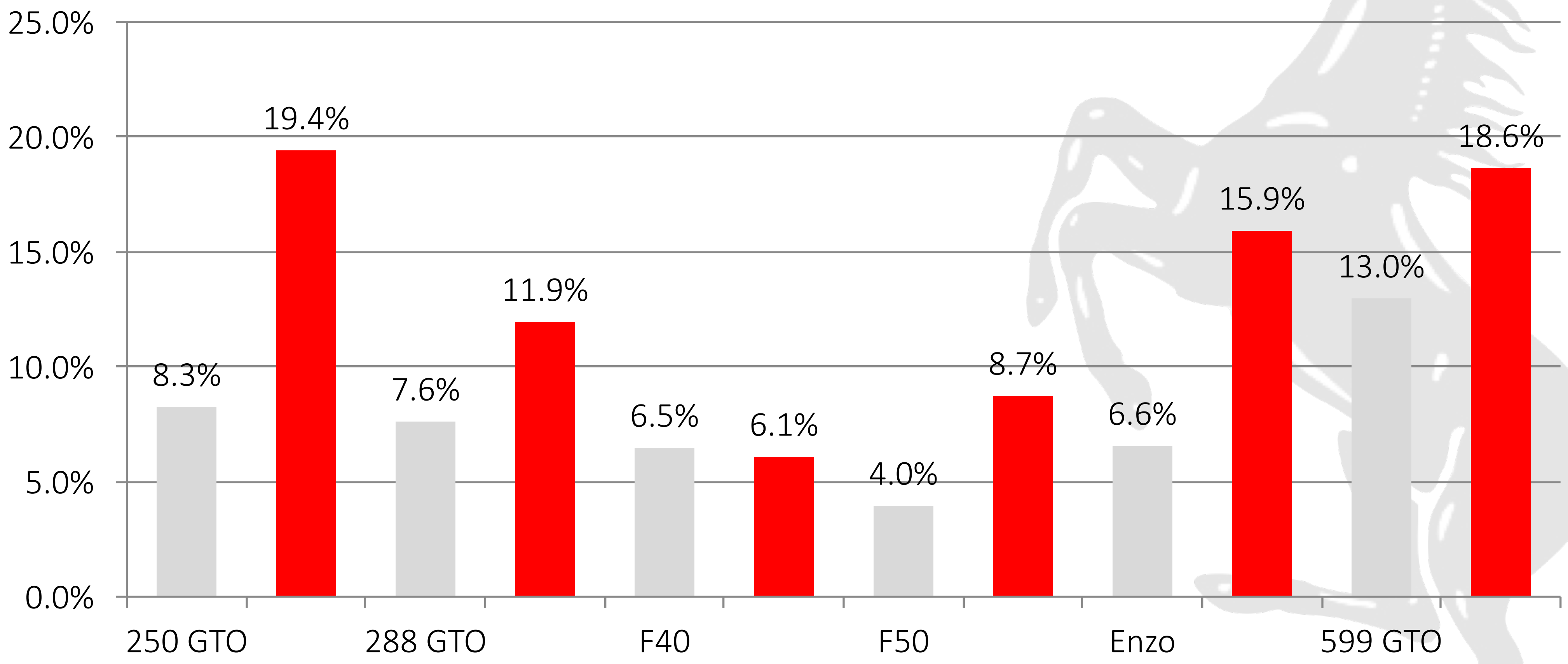

$38MM


$40MM

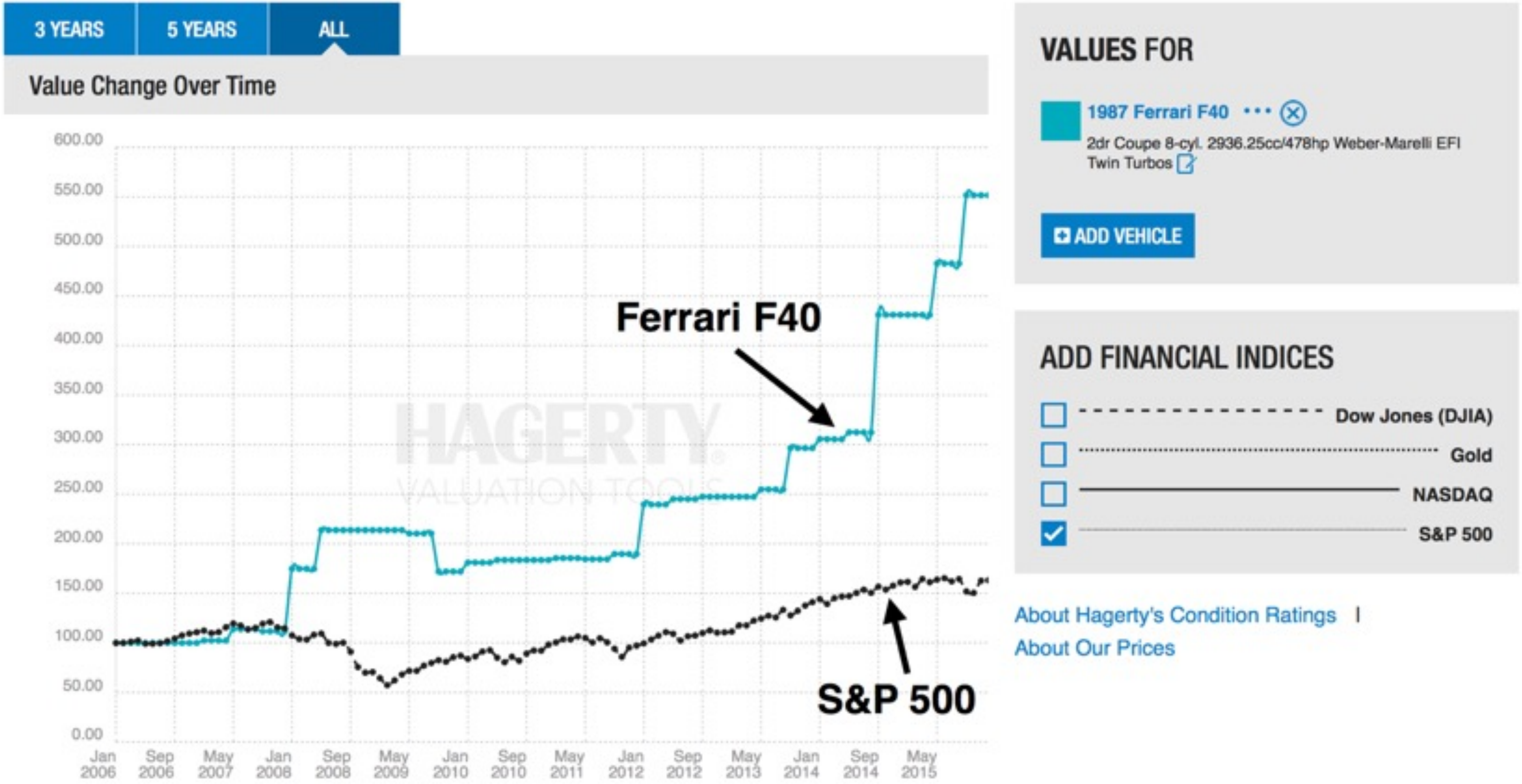

Vincent


$40MM

Limited Editions Outperform the S&P 500

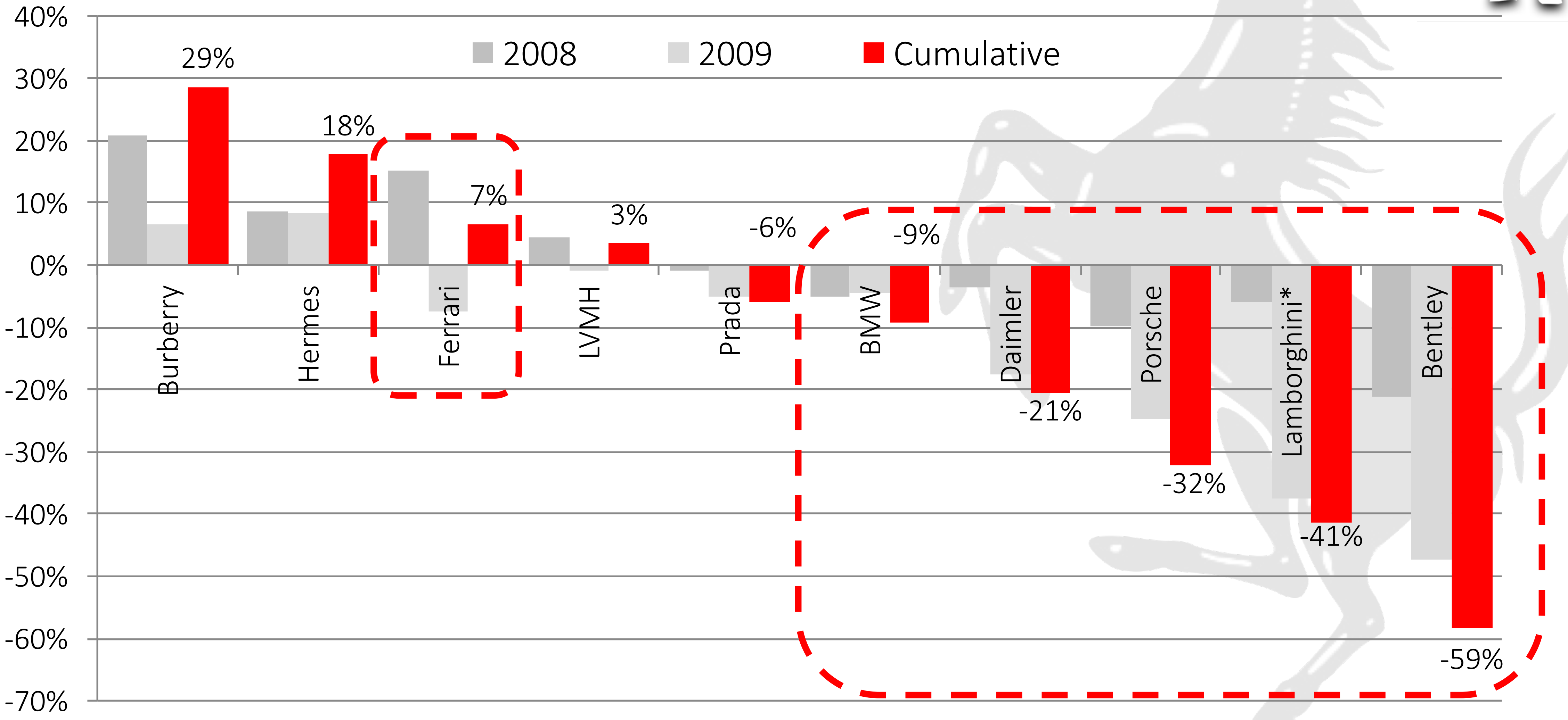


Even Looking at the Worst Performer…



What other products appreciate in value after sale?

Demand Recession-Proof

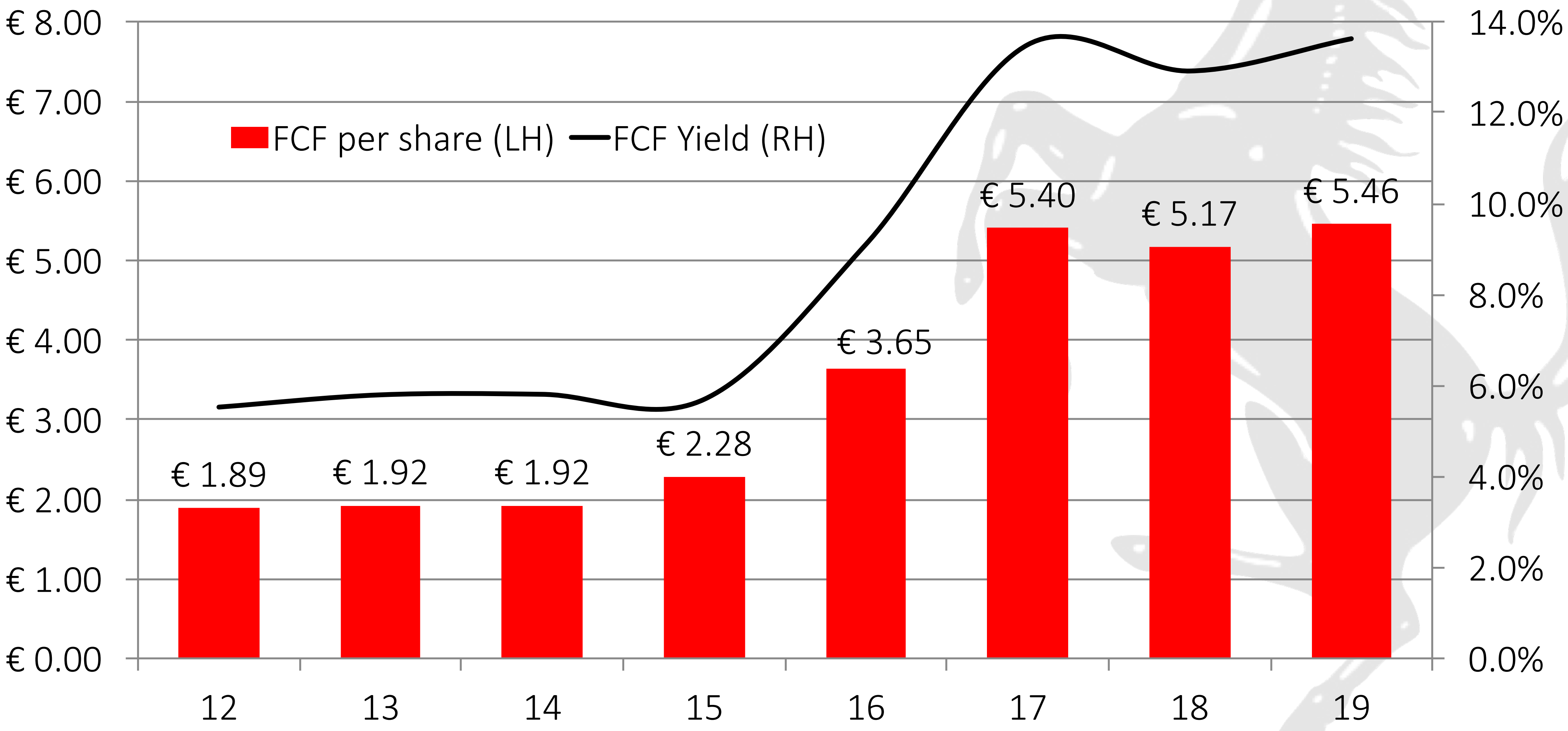


2015

Car
Deliveries
+6%

Incremental
EBIT
margin
76%

FCF > Double



FCF per share (LH)
FCF Yield (RH)
€ 8.00
€ 7.00
€ 6.00
€ 5.00
€ 4.00
€ 3.00
€ 2.00
€ 1.00
€ 0.00
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
€ 1.89
€ 1.92
€ 1.92
€ 2.28
€ 3.65
€ 5.40
€ 5.17
€ 5.46
12
13
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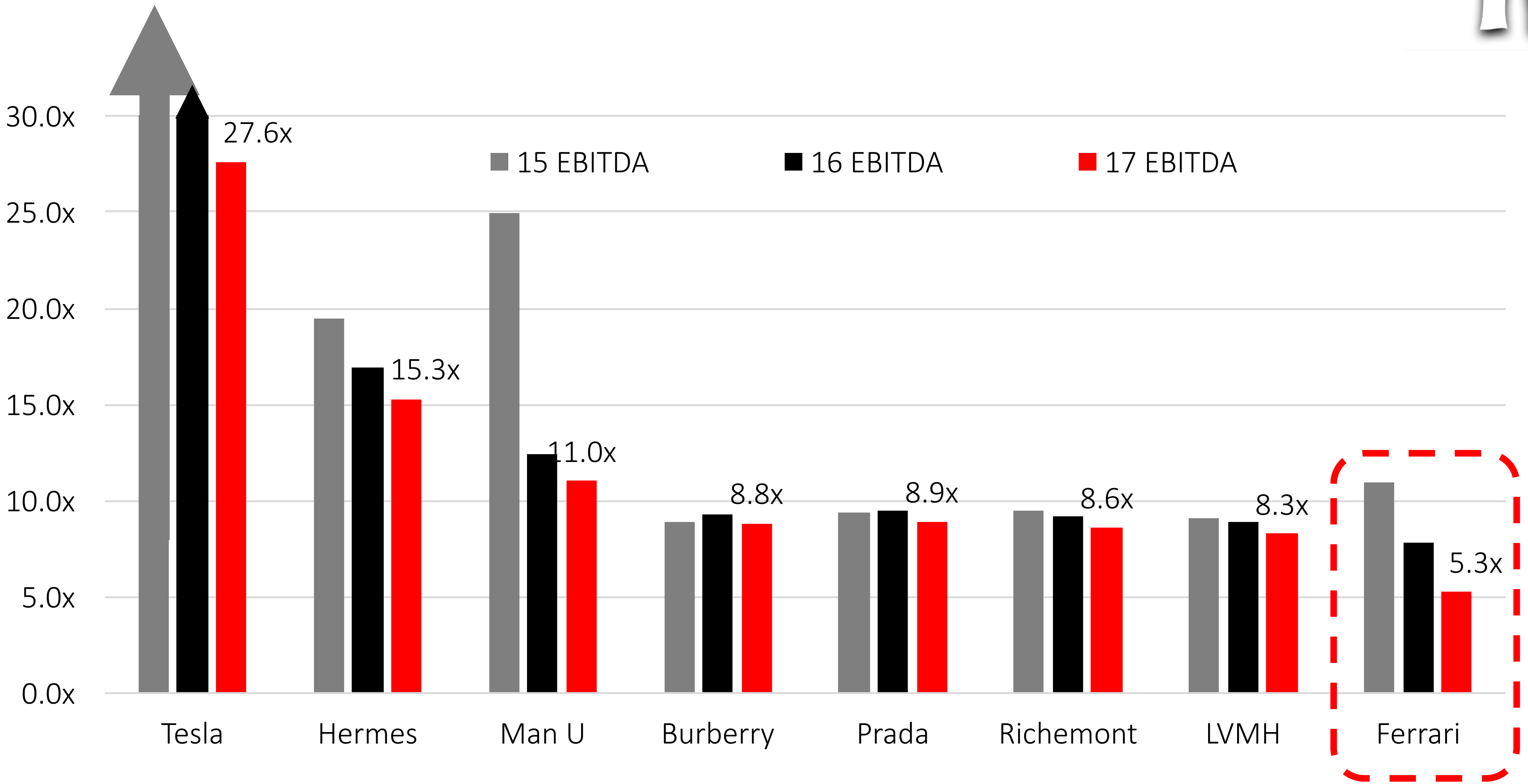
19

Cheapest In Class



Putting the Pieces Together

Concentrated Private Equity Portfolio

NAV: €44.39

FCA
FIAT CHRYSLER AUTOMOBILES
€11.61

CNH
€9.98

€8.56

Others €3.02

PartnerRe
€26.53

Net Debt
€15.33

Vs.

EXOR
€35.76
(20% Discount)

All figures per EXO share

NAV Set to Triple

NAV: €145.08

CNH

€45.50

€16.01

FCA

€72.00

All figures per EXO share

PartnerRe

€26.53

Net Debt
€10.28

Others €2.96

Right in Every Way

Time

FIAT CHRYSLER AUTOMOBILES

Are all coiled springs

Strategy

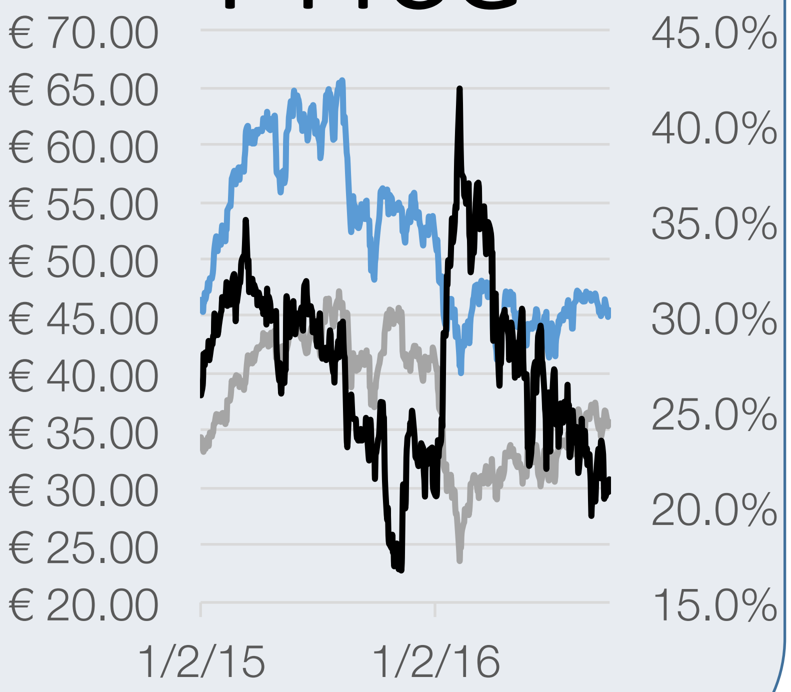
PartnerRe

Lowers cost of capital

EXOR

3G-Style Focus

Price




Learn from Others' Mistakes
20k Class A BRK Shares Sold at ~$35
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EXOR

Set it and Forget It.