LETTER TO SHAREHOLDERS

Dear Shareholders,

2020 was an extraordinarily difficult year for the entire world with 1.8 million lives lost to COVID-19 – a toll that has since sadly grown to nearly 2.8 million. However, with the roll-out of vaccines we, at last, have hope that our families and communities can be protected and we can lay the foundations for economic recovery.

Last year was also extremely challenging for Exor. However, difficult times are character-revealing, and reflecting back on last year, I believe we acted effectively and responsibly and that our companies responded by showing the very best of who they are. Throughout this period, we remained true to our values, which I shared with you in last year's letter. We express these as a set of dualities: humility & ambition, curiosity & focus, patience & drive and courage & responsibility. While relevant at all times, we found them to be even more critical during this period.

Our priority throughout the pandemic has been to protect the health and safety of our people, which we did while managing a very high level of financial and operational complexity. The second quarter was one of the toughest periods we have had to face in our history but one that has also made us stronger. I would like to thank all my colleagues at Exor and our companies for the fortitude they are demonstrating throughout this difficult period and for their generosity in supporting, in a variety of ways, those impacted by the pandemic.

Exor's purpose is to *Build Great Companies*: which we define as those that perform to the highest standards, seek renewal and change, are distinctive and act in a responsible way. 2020 showed the importance of these characteristics and in particular brought a significant acceleration in the pace of change for our companies. At the same time, we continued to build our future by completing the tender offer for GEDI, investing in Via Transportation and we made our first acquisition in mainland China acquiring a majority shareholding in the luxury lifestyle brand SHANG XIA.

As we enter the new decade, we need to keep in mind Heraclitus' observation, which reminds us that: "there is nothing permanent except change".

***


DUCATO
Grazie a:
Specchio dei tempi
Donazione per
Progetto
FORZA NONNI!
Specchio dei tempi
FCA
100
3230 NEW HOLLAND
CNH

EXOR IN 2020

In 2020, Exor's Net Asset Value per share, or NAV per Share, increased by 13.1%, which underperformed by 1.0 p.p. our benchmark, the MSCI World Index, both denominated in USD.

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

Annual percentage change			
Year	1 - Exor NAV per share in US$	2 - MSCI World Index in US$	Relative results (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
2018	(13.6)	(10.4)	(3.2)
2019	34.5	25.2	9.3
2020	13.1	14.1	(1.0)
Compound annual rate	**18.7**	**11.4**	**7.3**

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

This performance was driven mainly by Ferrari (+39.3% in USD) and FCA (+21.4% in USD).

NET ASSET VALUE AT 31 DECEMBER 2020

US$ million	31/12/2020	31/12/2019	Change vs 31/12/2019	
			Amount	%
Investments	**33,288**	**28,923**	4,365	+15.1%
Others	**1,256**	**1,074**	182	+16.9%
Gross Asset Value (GAV)	**34,544**	**29,997**	4,547	+15.2%
Gross Debt	**(5,043)**	**(3,842)**	(1,201)	+31.3%
Net Asset Value (NAV)	**29,501**	**26,155**	3,346	+12.8%
NAV per Share ($)	**125.3**	**110.8**	14.5	+13.1%

Investments (96.5% of GAV)

I would like to start my update on our companies by explaining our Board's decision not to proceed with the sale of PartnerRe.

As I noted in last year's letter, we had not planned to sell PartnerRe when Covéa originally approached us as we believe the company has strong future potential. This is even more the case today given the improvement in the pricing environment for reinsurance, which will translate into an increase in book value over time if our underwriting is effective. Therefore, even though Covéa remained willing, after the start of the pandemic, to acquire PartnerRe, we felt that their revised price did not properly reflect the company's true value and its bright prospects.

All our interactions with Covéa on this matter were professional and constructive. This has enabled us to increase the collaboration between the companies, with PartnerRe acting as one of Covéa's most important reinsurance counterparts. We are also exploring ways in which Covéa can invest in financial assets alongside Exor.

Our decision to retain the company was validated by PartnerRe's earnings and balance sheet resilience in 2020, with reported net income of $206 million and an increase in book value of 2% compared to the prior year despite $397 million of COVID-19 pre-tax losses. In particular, the Life & Health business was extremely resilient, reporting positive allocated underwriting profits of $70 million despite the impact of the pandemic. This performance highlights the importance of a diversified reinsurance book of business, which we have been pursuing since our acquisition of PartnerRe in 2016, including through significant investments to grow its Life & Health operations. It was also partly due to the performance of PartnerRe's investments portfolio, which surpassed $20 billion for the first time (including its cash and cash equivalents), and its continued efforts to reduce operating expenses, which are now close to 5.4% of Net Premiums Earned.

However, despite this progress in creating a much leaner organization and achieving top quartile investment results, PartnerRe's underwriting profitability is still far from where we want it to be. With hardening markets, we wanted to ensure we had the correct leadership at the helm with the knowledge and discipline required to make the right underwriting decisions, which is why we appointed Jacques Bonneau as CEO in July. Jacques has a strong knowledge of PartnerRe, having been on its Board for the last two years. He also has a deep understanding of the industry as he spent most of his career at ACE (now Chubb), a company known for its flawless execution and high performance culture.

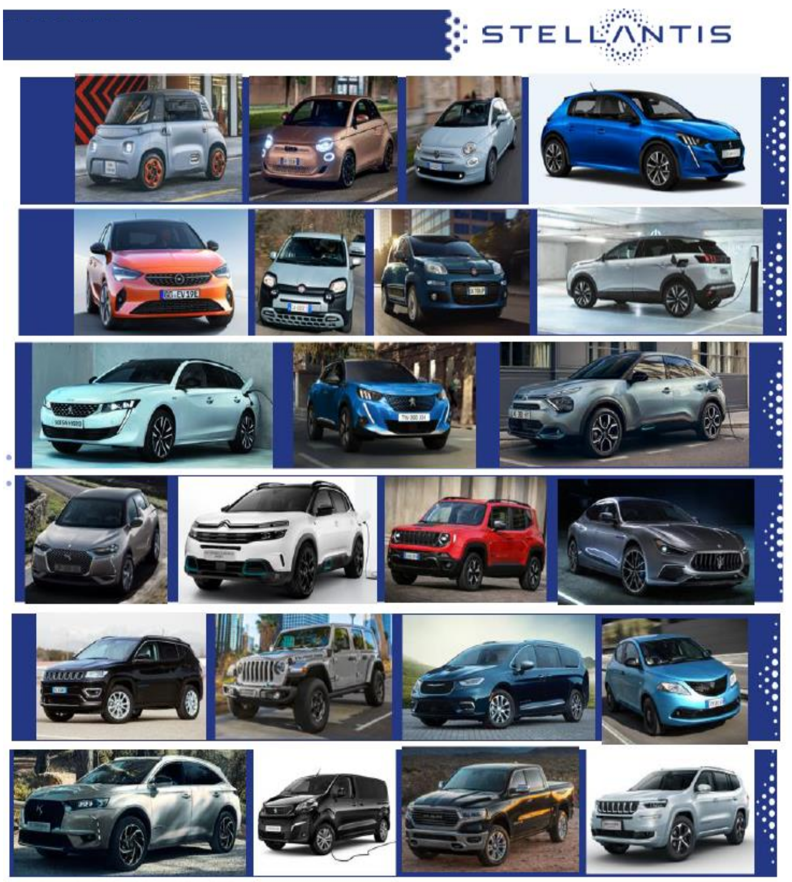
In parallel with this work on reinsurance, we also faced, in the second quarter of 2020, unprecedented disruption in the car industry with a complete global lockdown of plants and production. The shutdown had immediate financial consequences because it led to an unwinding of working capital, and this saw FCA and its suppliers having to manage significant liquidity issues. I want to pay tribute to Mike Manley and our many colleagues at FCA, who managed extreme operational challenges as we moved to protect our people and our partners while resolving these pressing financial issues.

Alongside tackling these challenges, we also continued to prepare for the merger of FCA with PSA to form Stellantis. In doing this, we wanted to ensure that the new company would have the strongest possible balance sheet to act as a shield against future crises and to allow it to invest in its future. Following constructive interactions between the FCA and PSA Boards after the start of the pandemic, we revisited the cash component of our agreement. Both Boards were even more convinced of the strong rationale for the merger, so we agreed to reduce the extraordinary dividend of €5.5 billion due to FCA shareholders to €2.9 billion and allocate to them 50% of the PSA stake in Faurecia originally destined for distribution to PSA shareholders. This meant that Stellantis was able to start life with €54.5 billion in liquidity, a positive Net Financial Position of €14.9 billion and revised annual steady state synergies of over €5.0 billion.

I'm proud that we have successfully concluded a combination of the kind that Sergio Marchionne recommended years ago in his 'confessions of a capital junkie' when he argued that consolidation in the car industry would be needed to allocate capital more efficiently and compete more effectively. If he were still with us today, I'm sure Sergio would strongly support the creation of Stellantis.

The new company brings together 400,000 people to create a business with the scale, technology and ambition not only to meet the challenges of an industry undergoing massive change, but also to be at the forefront of shaping this new and exciting era of sustainable mobility.

The scale of Stellantis means it will be able to invest to bring its customers new products across its portfolio of storied brands, and significantly increase its existing range of electrified models: in 2021 with 11 additional high voltage models, we plan to nearly triple our global sales from 139,000 to 400,000 high voltage vehicles (BEV and PHEV).



Exor is the largest single shareholder in Stellantis with around 14% of its shares and could not be more committed to its future success. I'm honoured to be its Chairman and with Carlos Tavares at the helm as Chief Executive Officer, leading a proven and highly talented team, we have an exciting opportunity to shape the industry that my ancestors helped create and whose pioneering spirit is still guiding us today.

CNH Industrial also underwent a leadership change in 2020. In March, after Hubertus Mühlhäuser stepped down as CEO, the Board appointed Suzanne Heywood, a Managing Director at Exor and Chair of the CNH Industrial Board, as Acting CEO. This gave the company the necessary stability to address the extreme operational challenges of the pandemic while its Governance Committee conducted a thorough search to find a new leader for the next stage of the company's development.

Like our other industrial companies, when the scale and severity of the pandemic became clear, CNH Industrial quickly put in place measures to protect the health and safety of its people. Suzanne and her Senior Leadership Team also focused on helping CNH Industrial's global dealer network and supply chain to weather the storm. Alongside this, the company took decisive action to reduce its costs and increased its liquidity from $9.9 billion in March 2020 to $15.9 billion at year-end. It reduced inventory across its agriculture, construction and commercial vehicles segments and prioritised its R&D to focus on the most critical investments for its customers and those necessitated by regulatory requirements. As a result of these actions, CNH Industrial ended the year in a strong financial position, reaching a positive Net Financial Position from industrial activities for the first time in its history.

As well as responding to the crisis, CNH Industrial continued to become a more sustainable company and its efforts have been recognized by Dow Jones, which ranked it as the industry leader for the tenth consecutive year in both its World and Europe indices. It was also one of the 277 companies – chosen out of the more than 9,600 who disclosed their sustainability results – to be on CDP climate change's A list. CNH Industrial is acting as a role model for Exor and all our companies as we increase our focus on ESG.

CNH Industrial addressed the difficulties of 2020 very effectively, but we believe the company has considerably more scope for improvement in the coming years. We were, therefore, pleased by the appointment in January 2021 of its new, permanent CEO. Scott Wine arrives with a wealth of leadership experience from his time in the US Navy and serving a range of industrial companies. He has started to lay out an agenda for the company that will be focused on supporting customers and dealers, prioritising digital and technology investments and reducing complexity.

I want to thank Suzanne for embodying our values when she stepped up to the plate and made the difference in leading CNH Industrial in 2020. I'm pleased to say that she is now back full time with us at Exor where, in addition to her continuing responsibilities as Chair of CNH Industrial, she has also become Chair of one of our new companies, SHANG XIA.

We were excited to join SHANG XIA as its majority shareholder in December 2020. This leading Chinese luxury lifestyle brand was founded by the Chinese designer Jiang Qiong Er and Hermès. In the decade since it was created, the company has established a strong reputation for exquisitely crafted products, from clothing and accessories to homeware. When we search for companies in which to invest, we look in particular at their capacity to become and remain great. We believe that SHANG XIA has that potential, and that is underpinned by its clear ambition to create the first Chinese global luxury lifestyle brand.

Over the years, we have developed considerable knowledge about the luxury sector and our ownership of Ferrari has allowed us to understand better the art of building luxury brands. This sector is characterised by strong economics and durability. In 2020, it proved its strength and resilience and it is benefiting from strong market growth, particularly in China. Chinese consumers account for one third of luxury spending today, and that proportion is forecast to grow to almost half the total, with China becoming a ~€95 billion market by 2025. We believe that both our luxury experience and our long-term horizon make us the ideal partner to support SHANG XIA in its journey to greatness. In doing so, we will be building a 21st century company that can complement and strengthen our existing ones, which were mostly founded in the 19th and 20th centuries.

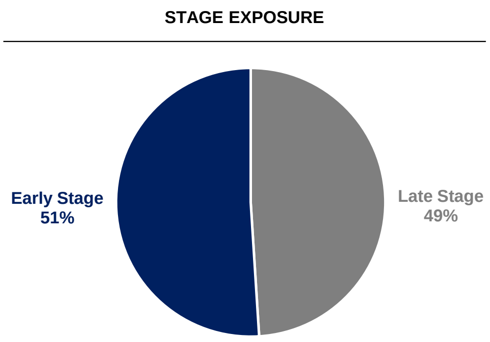
Our interest in these 21st century companies was also our motivation for starting Exor Seeds: our early/late-stage venture initiative – under Noam Ohana's leadership in 2017. Since its inception, we have invested ~$250 million in 42 companies across the globe, roughly half of them in the U.S., a third in EMEA and the remainder in APAC and Latin America.

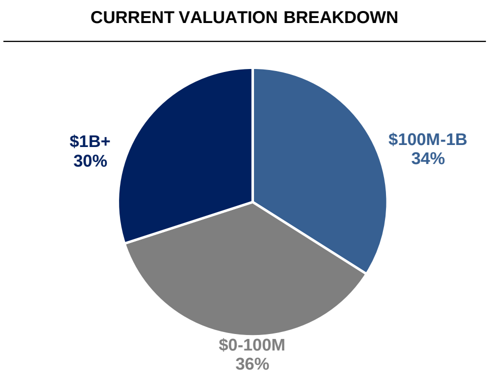
In creating Exor Seeds we have acted like a start-up in making early assumptions about how we can play a valid and valued role in relation to these early-stage companies and then to learn and iterate quickly. We discovered that founders appreciated Exor's purpose, values and our history as owner operators. Our permanent capital, global reach and public markets insight (both as investors and as operators) also give us an edge over traditional VC funds in an increasingly competitive market.

Looking ahead, 2021 will be a pivotal year for Exor Seeds. We are starting to see a positive “flywheel” effect from the domain expertise and deep relationships that we have built with founders, VC investors and our companies. Although deal flow slowed with the onset of the pandemic, it picked up through the second half of 2020 and has since accelerated. Private companies have raised twice as much capital since the start of the year compared to the same period last year, driven by the speed of adoption and evolution of technology across industries. We are now focusing on higher conviction ideas within our “strike zone”.

We are particularly excited about the expanding opportunities in mobility, fintech and healthcare. These sectors are undergoing massive structural shifts that we believe will create new, large category winners. For example, within mobility, electric vehicles, next-generation air and space transport, drone delivery, fleet digitization, autonomy and all the underlying infrastructure tied to it (renewables, batteries, grid infrastructure etc.) are upending, and in some cases revitalizing, legacy industries. As the largest shareholders in Stellantis and Via Transportation, we are at the heart of this change and have a unique opportunity to participate in it over the next decade.

We are also seeing European tech “coming of age” with large public companies like Adyen and Spotify fostering a deep talent ecosystem. New unicorns like Klarna and UiPath among others are emerging as global leaders on a par with companies that historically emerged mostly out of Silicon Valley, as European entrepreneurs are dreaming bigger. We believe this sea-change in attitude and opportunity is in its early stages, and we are actively involved in it. Two of our largest investments in 2021, for example, are building European champions in real estate tech and healthcare. The establishment of Exor Seeds has, therefore, not only given us a seat at the table but more importantly, is connecting Exor and its companies with young and talented founders who share our purpose and values.





***

Others (3.5% of GAV)

At 31 December 2020, our cash and cash equivalents of €859 million included €492 million of cash and €367 million of financial assets, of which €294 million is invested in Exor public equities funds and €73 million in bonds.

I would like to congratulate Matteo Scolari and his team who manage Exor's public equities funds, investing capital from PartnerRe and Exor, which in March 2021 reached the milestone of delivering $1 billion of gains. In the four years since inception, the portfolio has delivered a cumulative gross return of 174.4% in USD or 28.5% annualized (with no down years thanks to hedging activity). In comparison, the performance of the MSCI World Total Return index over the same period was 64.3% or 13.1% annualized (with negative returns in 2018).

Going into 2020, our biggest investments were in Ocado, a UK-based technology company focused on food e-commerce, and in the South African PGM (platinum group metals) mining sector. These two investments were impacted in very different ways by the COVID-19 emergency.

Ocado's UK online grocery business saw a huge surge in demand as customers shopped from home during the pandemic. The crisis accelerated a global shift in consumer preferences to purchasing food online, opening up new opportunities for Ocado and its grocery partners around the world. As a result, Ocado's share price performed strongly during the year and is currently up 8x since our initial investment.

In the case of PGM miners, the pandemic initially caused a sharp decline in their shares prices, as investors became concerned that mining activities would be shut down for a prolonged period. Fortunately, however, the companies were able to resume normal operations fairly quickly without putting at risk employee health. As a result, the share prices recovered strongly, reaching new highs on the back of resilient demand for PGMs.

Over the course of the year, we also initiated a new position in Rolls-Royce. It is the world's second-largest manufacturer of civil aircraft engines (after GE) that has also major businesses in defence and power systems. Rolls-Royce was hit particularly severely by the COVID-19 crisis, which came at a time when the company was also recovering from engineering issues on the new Trent 1000 engine family. With flying hours down ~55% in 2020, Rolls-Royce experienced a close to £5 billion cash outflow, resulting in the need for an emergency equity financing and a share price drop of over 80%.

The company took decisive management action during the crisis in the form of large-scale cost reductions and portfolio repositioning. Looking forward, we believe Rolls-Royce is now well-placed to maintain its ~50% market share in the attractive wide-body aero-engine market and to improve its cash generation as flying hours recover.

GROSS DEBT AT 31 DECEMBER 2020

Despite the market volatility we faced last year, our CFO Enrico Vellano and his team have done an excellent job ensuring we took advantage of institutional investors demand by issuing, in April 2020, a €500 million 10-year bond with a fixed annual coupon of 2.25% (2.42% yield). Later, in June, we reopened our October 2034 notes placing €200 million with a fixed annual coupon of 1.75% (2.66% yield) and in November, we used a portion of the proceeds raised to reimburse a €200 million maturing bond.

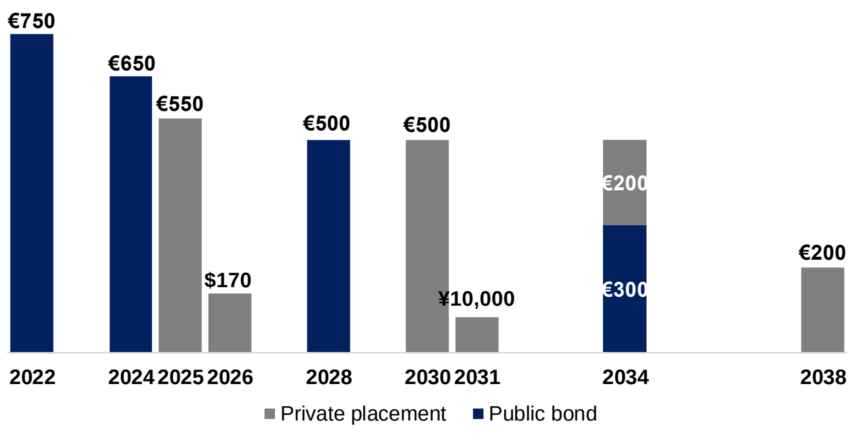
We also continued to diversify our funding sources in the capital markets and accessed short-term funding at attractive rates by issuing €200 million of Commercial Paper (€160 million outstanding at year-end).

As a result of these transactions, our Gross Debt increased to €4.1 billion at the end of 2020 from €3.4 billion at the end of 2019. However, by actively managing our Gross Debt, we have maintained our LTV ratio below 20% (end of 2020 LTV ratio was ~12%).

At 31 December 2020, the majority of our Gross Debt was made up of bonds (of which 57% is public bonds and 43% private placements) with an average maturity of ~7 years and an average cost of ~2.5%.

In addition, we had available committed lines for €485 million and uncommitted credit lines for €547 million, all of which were undrawn.

BOND MATURITY PROFILE



Figures at 31 December 2020.
Note: All figures are expressed in millions and in the original currency of issuance.

***

2021

We started the year with the birth of Stellantis on 16 January. It has been a pleasure to begin working with Carlos Tavares on our shared ambition for the company and excitement for the future.

We are also very engaged with Ferrari, which has become our most valuable company and my warm thanks go to Louis Camilleri, who retired for personal reasons as Chief Executive in December, for his exemplary leadership over the past two years. During Louis' tenure, Ferrari reached new milestones and laid solid foundations for the future. I'm pleased to report that the Board is making good progress with the search process to identify the right leader who will guide Ferrari into a new era and on to even greater achievements.

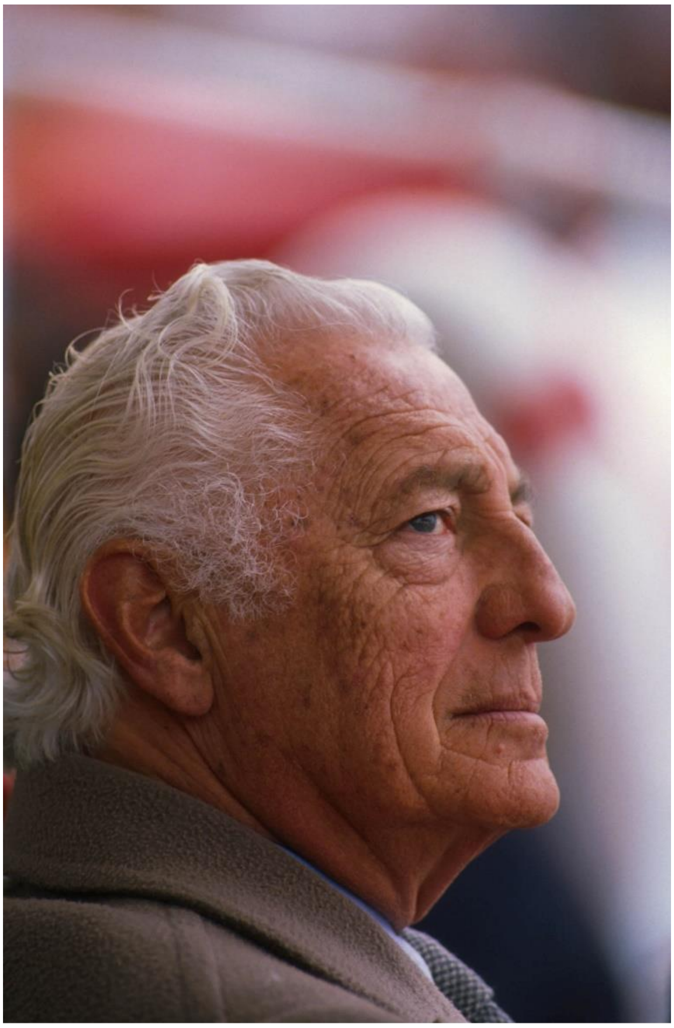
We have been busy not only with our existing companies but also with new ones. On 8 March, we announced an investment of €541 million to become a 24% shareholder in Christian Louboutin. We are delighted to begin this new partnership with Christian, Bruno (the company's co-founder) and their team who have done an outstanding job over the last 30 years in creating one of the best-known independent luxury brands in the world.

In our discussions with Christian, Bruno and their team, we were pleased to discover how much they resonated with the principles of greatness that we look for in companies, as I described earlier in this letter. Louboutin has always focused on performing to the highest standards, both in terms of product quality as well as financial results. It has sought renewal and change, evolving from what once was a women's shoe boutique in the heart of Paris in 1991, into a global business with an impressive presence and appeal in men's footwear, a strong leather goods offer and an ever-increasing legitimacy in the beauty sector. Its unique design and brand positioning have made Louboutin one of the most distinctive brands in the luxury space. The company is also constantly challenging itself to act in a more responsible and sustainable way.

We also believe, as does the team at Christian Louboutin, that there are important new opportunities for the company in the future. The management has developed an ambitious business plan that builds on the company's strengths to enable it to expand in areas with structural tailwinds like in the Chinese market and e-commerce. We are very excited to partner with Christian Louboutin, whose extraordinary creativity, energy and unique vision are precisely the qualities needed to build a great company.

At Exor, despite all the challenges of the last year, we continue to believe in the future, while always learning from the past. We, therefore, very much look forward, vaccination success permitting, to meeting in person in Torino on 30 November at the Agnelli Foundation to discuss both with you.

In concluding this year's shareholder letter, I would like to end on a positive note by thinking about my grandfather Gianni Agnelli who would have celebrated his 100th birthday on 12 March 2021.



Despite the many difficulties he had to face, he always heralded the importance of the future and often told us: "I love the future and I like young people. My life has always been a bet on the future."

John Elkann