



FIAT CHRYSLER AUTOMOBILES

WELCOME Supplier Town Hall

March 15, 2017





FIAT CHRYSLER AUTOMOBILES

Company Update

Scott Thiele
Chief Purchasing Officer, FCA - Global



All information disclosed today or in connection with this meeting is the confidential information of FCA US LLC and may not be disclosed to third parties.

Due to confidentiality, some of the presentation materials, including images, cannot be shown on the webinar.

**NO
PICTURES**



Questions regarding confidentiality may be addressed to Lynda Bojarczyk

Agenda

Company Update	Scott Thiele	30 min
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Supplier Quality Key Priorities	Tony Brenders	15 min
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Supplier Survey Results	Scott Thiele	20 min
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Introduction to AIAG	Traci Madden & Scot Sharland	20 min
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Q&A	All	25 min
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Record margins at Group level with all segments having improved profitability year-over-year

Nine all-new products launched worldwide

- Six products were “white space” additions to Group’s portfolio
- Localization of Jeep production completed – Pernambuco and China JV

Group positioned to remain on forefront of new technologies

- Entered into first-of-its-kind collaboration with Google
- All-new Pacifica Hybrid launched in Q4 2016
- Portal concept vehicle positively received at U.S. Consumer Electronics Show

Strengthened Group capital structure

- Completed separation of Ferrari with spin-off to shareholders
- Eliminated ring-fencing of FCA US cash
- Reduced gross debt balance by €3.7B

ALL KEY TARGETS ACHIEVED OR EXCEEDED IN FIRST THREE YEARS OF PLAN

**Net Revenues in line
with 2015, up 1%**

**Adjusted EBIT
up 26%**

**Adjusted Net Profit
up 47%**

€B (except per share amounts)	2014*	2015*	2016
Net Revenues	94	111	111
Adjusted EBIT	3.4	4.8	6.1
Adjusted Net Profit	0.8	1.7	2.5
Net Industrial Debt	7.7	5.0	4.6

**4.7M
Shipments
Worldwide**

Achieved or exceeded targets

* Information for 2014 and 2015 excludes Ferrari, with the exception of the December 31, 2014 Net industrial debt, consistent with Ferrari's classification as a discontinued operation for the year ended December 31, 2015.

FCA North America 2016 Year End Results

	FY '16	FY '15	△
Sales (k units)	2,611	2,631	(1)%
Market share	12.2%	12.4%	(20) bps
Shipments (k units)	2,587	2,726	(5)%
Net revenues (€M)	69,094	69,992	(1)%
Adjusted EBIT margin	7.4%	6.4%	1%

Industry sales flat y-o-y in the U.S. and up 2% in Canada, with Group sales down 1% in the region.

United States	Canada	Mexico
Jeep sales up 6% and Ram sales up 11%	Sales of 279k units and market share at 14.2%	Sales up 1% to 88k units

Positive car line mix partially offset by lower volumes due to planned phase-out of Chrysler 200 and Dodge Dart

Transition year, with modest top line growth and focus on cash generation. Tough Q1 comparative due to NAFTA manufacturing changes.

€B	2016	2017 Guidance
Net Revenues	111	115-120
Adjusted EBIT*	6.1	> 7.0
Adjusted Net Profit*	2.5	> 3.0
Net Industrial Debt*	4.6	< 2.5

Key Recent Product Launches



Cash Drivers

EBITDA Growth Working Capital Financial Charges

- Maturing capital market debt to be repaid with cash on hand
- Financial charges reduced due to gross debt reduction
- Cash taxes increase due to higher profitability
- Capital expenditures in line with 2016
- Continue cost reduction initiatives

Targeting investment grade credit metrics by end of 2017

Jeep®

\$1 billion investment enables Jeep® brand to add Wagoneer, Grand Wagoneer, pickup



All-new 2017 Jeep® Compass revealed in Europe at Geneva Motor Show



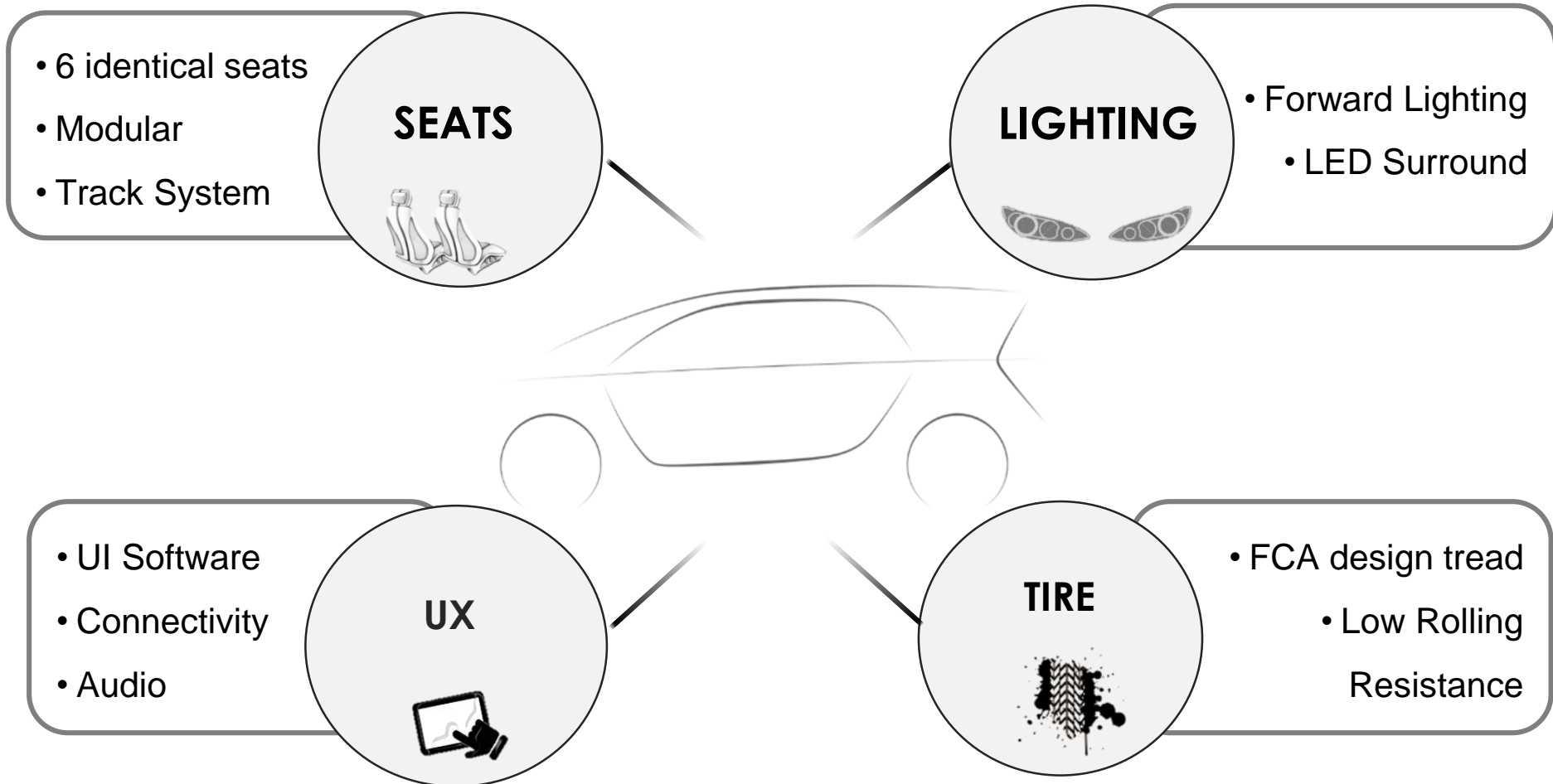
Mopar brand to celebrate 80th year in 2017



Chrysler Portal Concept debuted at CES: next-generation family transportation

Chrysler Portal Concept

- Collaborate on future technology
- Combine FCA vision with supplier technology for optimal solution
- Cost reduction through shared cost



Next Generation Grand Cherokee – Global Architecture

Program Status

- Sourced 15 major commodities early
- 20 commodities on-track for next month
- Started 145 weeks before Job 1
- ED&D source = Intended production source
- Utilize Cost Models and Design to Target



Convergence

- Global coordination
- Bundled sourcing
- Volume breakpoint pricing
- Deviations require escalated approval



Creating unity with *shared priorities*



Commitment

Best-in-class quality and warranty
– *Quality First*

Collaboration

Cross-functionally working towards the same, equally measured targets

Communication

Aligning globally by utilizing the One Voice process and tools

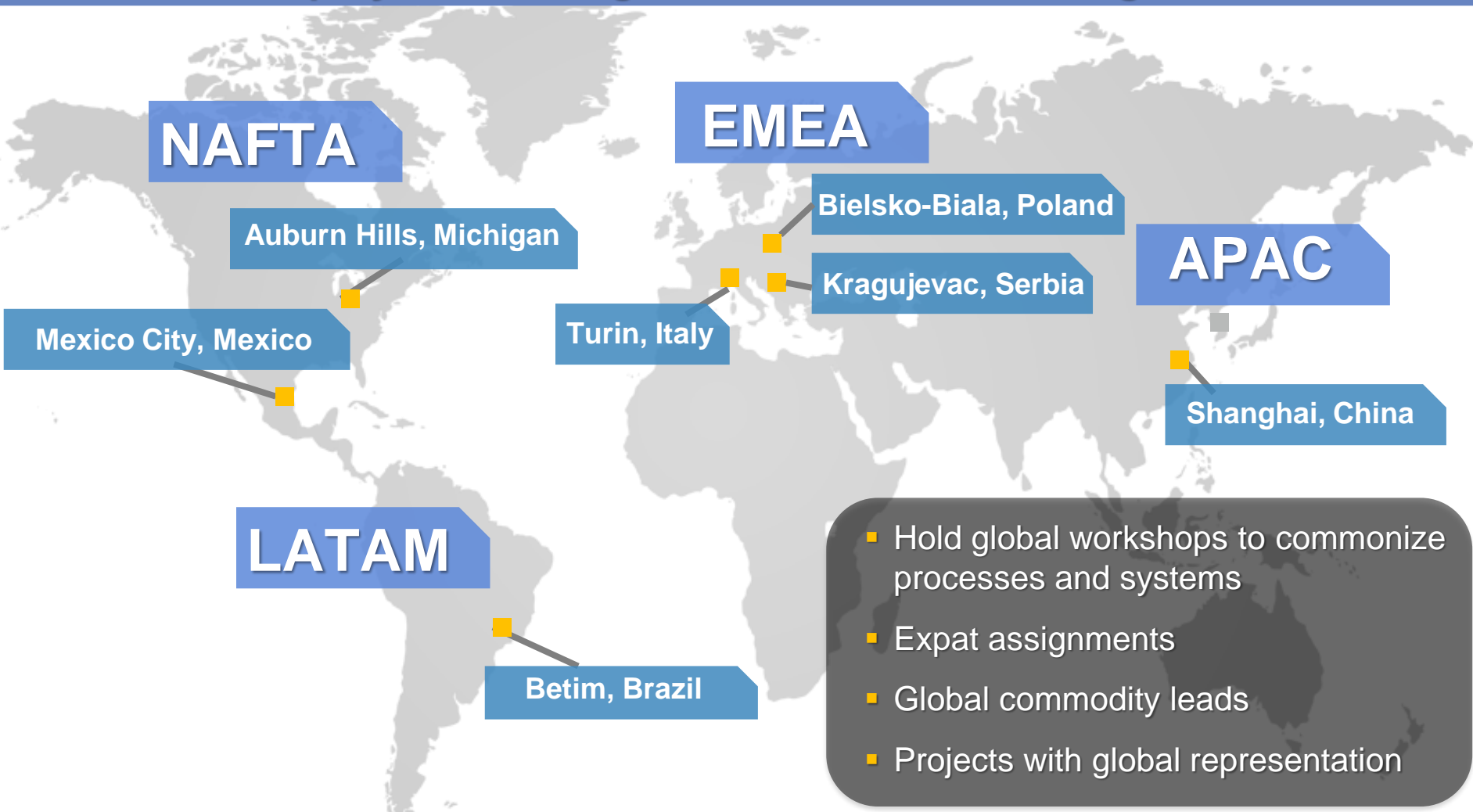
Competitiveness

Generating new ideas, methods and processes

We are a highly motivated global team accountable for delivering high quality, competitive and innovative solutions with our internal and external partners.



More than **2,000** Group Purchasing and Supplier Quality employees working at locations around the globe



- Hold global workshops to commonize processes and systems
- Expat assignments
- Global commodity leads
- Projects with global representation

Creating unity with *shared objectives*

Destination 2020



Driving to Excellence (D2X)

- Evaluated the project statuses and participants
- Realigned the statements to match our needs moving forward
- Added new projects and executive sponsors to fill the gaps

Creating unity with *shared actions*

Delivering one set of expectations to suppliers

Supplier Feedback

“We need more face-to-face communication...”

“One Voice is a best-in-class supplier process...”

“Too many inconsistencies at the working level...”



Improved the structure of the One Voice process

Everyone Owns Quality



**Steve
Beahm**

Supply Chain
Management



**Scott
Garberding**

Quality



**Brian
Harlow**

Manufacturing



**Phil
Jansen**

Product
Development



**Bob
Lee**

Engine,
Powertrain &
Electrification,
& Systems
Engineering



**Jeff
Lux**

Transmission
Powertrain



**Scott
Thiele**

Purchasing
& Supplier
Quality


INDUSTRIAL GOAL ALIGNMENT

KPI	KPI Description / Unit of Measure
<p>Program Readiness Metrics (Per CPCP/GVD Timing Milestones)</p>	<ol style="list-style-type: none"> 1) Sourcing by PDP Date 2) Tool Kick-Off (TKO) 3) Production Demonstration Run (PDR)/Production Part Approval Process (PPAP)
<p>Achievement of Vehicle Cost Objectives at Launch</p>	<p>Initial Placement Plus Change Notices</p>
<p>2017 Budget Achievement</p>	<p>Commercial & Technical Savings</p>

Think long-term, sustainable growth




**Best-in-class quality and warranty
leveraged by World Class
Manufacturing**




**Innovative ideas and solutions
consistent with our mutual
priorities and objectives**

**TRANSPARENCY
& ALIGNMENT**



**Competitive total life cycle
cost strategies**



**Stay in sync with us as
markets and trends evolve**

Capitalizing on the strength of Jeep® and Ram brands

Reinforcing the U.S. as a global manufacturing hub for the SUV and Truck market

Investing \$700 million in Toledo Assembly Complex and adding approx. 700 jobs

Investing \$1.5 billion in Sterling Heights Assembly Plant and adding approx. 700 jobs

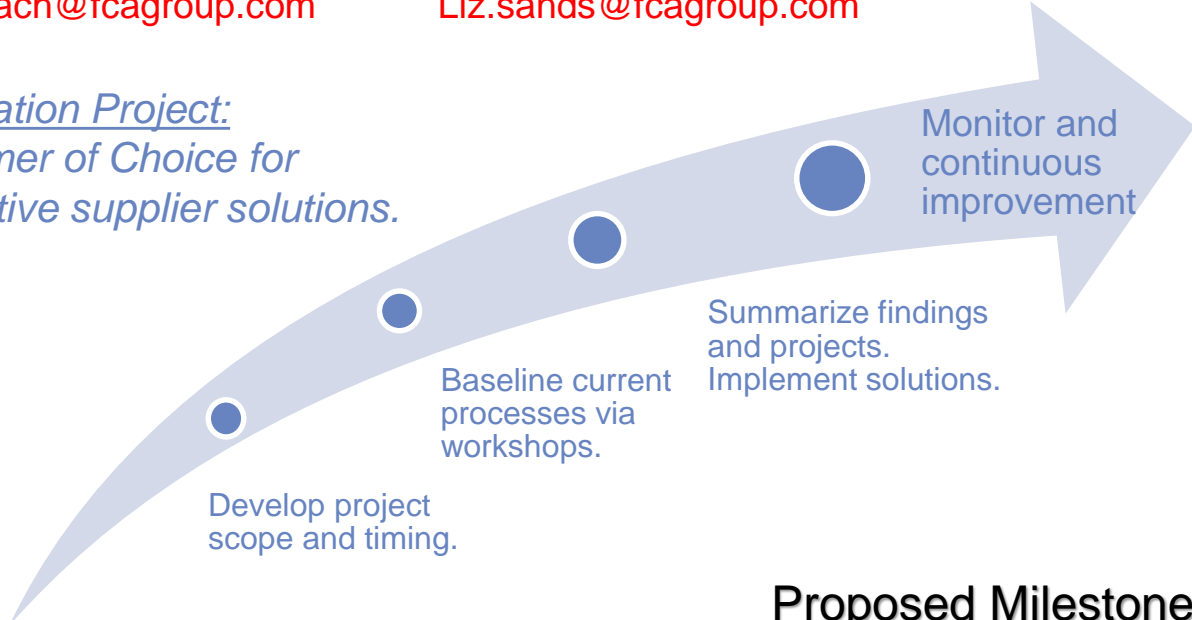


Critical Launches for FCA US: We need your help to ensure flawless launches of both vehicles

Jim Roach
 Head of Innovation
 Jim.roach@fcagroup.com

Liz Sands
 Innovation Program Manager
 Liz.sands@fcagroup.com

Destination Project:
 Customer of Choice for
 innovative supplier solutions.



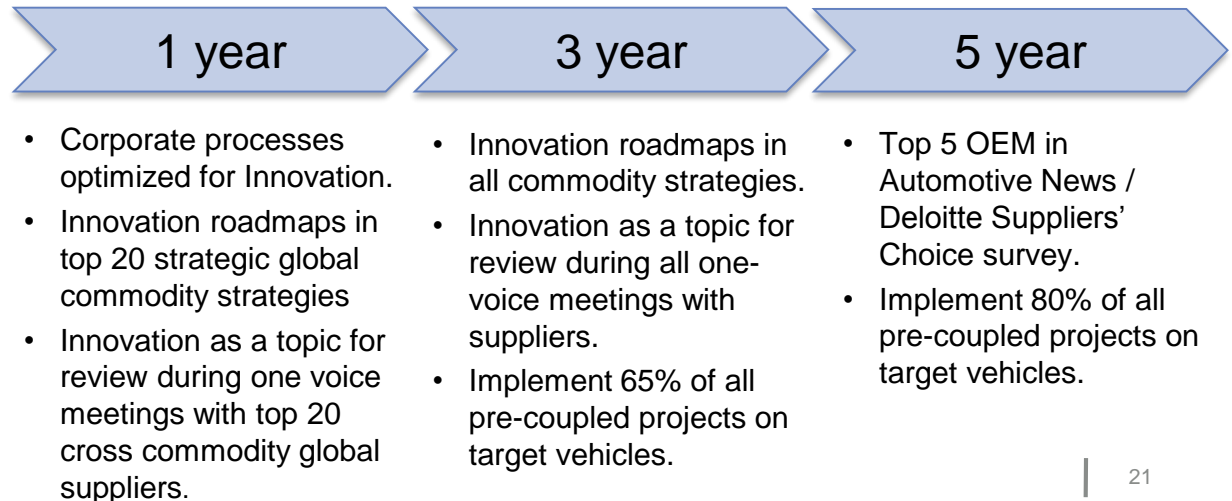
Future State

- A culture that embraces innovative supplier solutions and encourages our external partners to bring innovation to FCA as their first choice.
- Robust processes to analyze, decision, and communicate Innovation activity with suppliers.
- Robust processes to ensure execution of innovative solutions with our internal and external supplier partners.

Current Situation

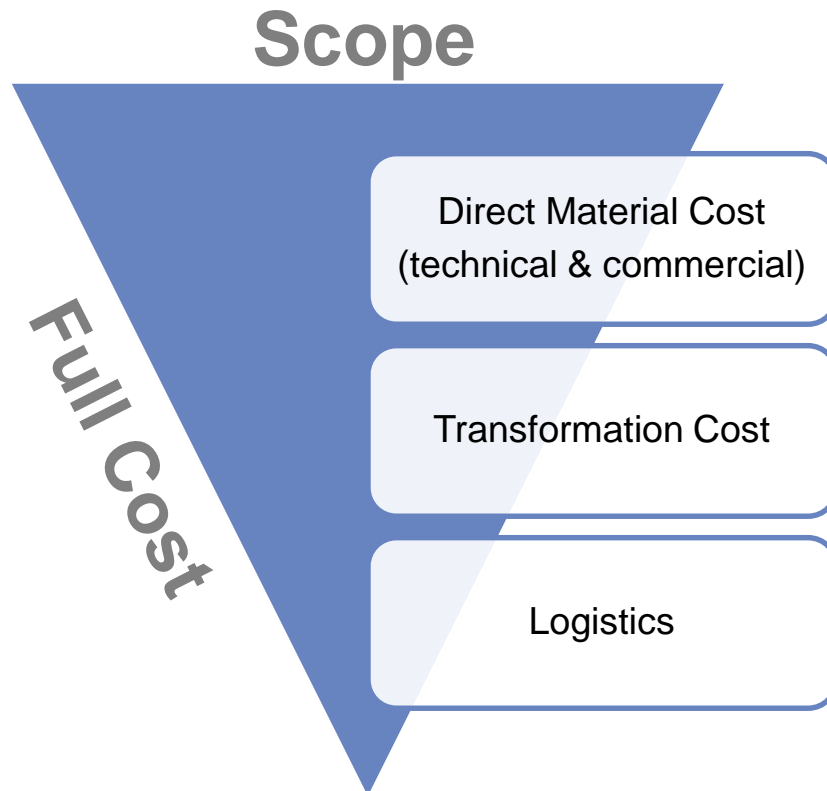
- Lack of global alignment on innovation strategy.
- Lack of alignment between Purchasing and Engineering organizations on Innovation.
- Challenges with making commitments to link an innovation project to a vehicle program and deliver on-time.
- Unclear message to suppliers on FCA’s Innovation strategy.

Proposed Milestones / Metrics



Global Cost Reduction Initiative:

A joint effort to reduce the full cost of our products, strengthening integration to optimize value and to eliminate waste.



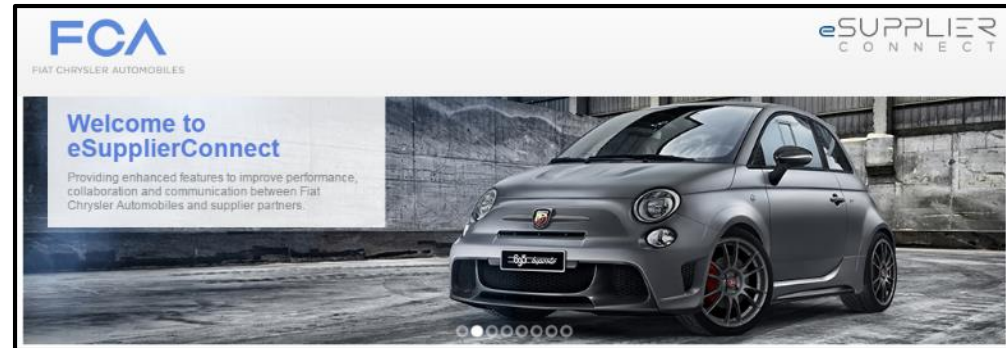
Value Optimization Process

- Benchmarking workshops taking place in each region
- Aligning best practices and generating new ideas
- Integrating cross-functional areas with supplier partners across all commodities and various product lines
- Focusing on current and future product development

eSupplierConnect (eSC)

www.eSupplierConnect.com

First point of contact for system access, applications, reference material, bulletins, etc.



Contact our help desks for payment issues, assistance with problem resolution, or to find the correct contacts within FCA.

1-844-289-1227 (US & Canada)

+52 55 50 81 77 62 (Mexico)

EMEA Supplier Help Desk

emea_fcagp_businesssupplierhd@fcagroup.com

- Supplier Advisory Council
- Supplier Town Halls
- Supplier Training
- Special Events



Pacifica Events

- Led by Product Development Purchasing
- Five events at supplier manufacturing locations
 - Two Canada suppliers
 - Two U.S. suppliers
 - One Mexico supplier



GME T4 MultiAir Event

- Led by Powertain Purchasing
- One event in Termoli, Italy
- Four suppliers recognized
- First time for Powertrain
- Positive feedback

Diversity Supplier Development

Event Stats

- 21 minority-owned and women-owned businesses as exhibitors
- 200+ attendees: 170 supplier representatives and 30 FCA employees
- 15 High Focus supplier graduates
- 34 suppliers in the program for 2017

The original 167 High Focus suppliers did \$131M in spend in 2010 and ended 2016 at \$1.5B



NAFTA

May 2, 2017

Annual Strategy Meeting and Supplier Awards Event

EMEA

November 2017

Qualitas Convention

LATAM

May 2017

Qualitas Awards

APAC

June 2017

Annual Strategy Meeting and Supplier Awards Event



OESA Supplier Town Hall

*Tuesday, September 12



Thursday, September 21

**Tentative – Date is subject to change*

Foundational Principles



FOUNDATIONAL PRINCIPLES

The Foundational Principles provide guidance on the behaviors and actions necessary to foster mutually beneficial relationships



Proactive Collaboration



Personal Accountability



Continuous Improvement



Long-Term Mindset



Integrity



Mutual Transparency



Empathy & Advocacy



Sense of Urgency



FIAT CHRYSLER AUTOMOBILES

Supplier Quality Key Priorities

Tony Brenders
Head of Supplier Quality, FCA - Global





Goal: Top Quartile by 2018

Warranty 3 Months-in-Service
J.D. Power Initial Quality Study

Pilot Build Season

- Quality First Assessment
- Process Validation Opportunity
- Proper Training Opportunity
- Understand and prepare for launch (timing, volumes, etc.)
- Performance and Dimensional Validation for all Components

Ram 1500 (DT) – Additional Activities

- Proactive 8-Stage Projects
- Traceable identification document for each part

Start with a Feasible Process for Manufacturing

Pilot cars value

***Parts cannot
compromise the build
quality / quantity***

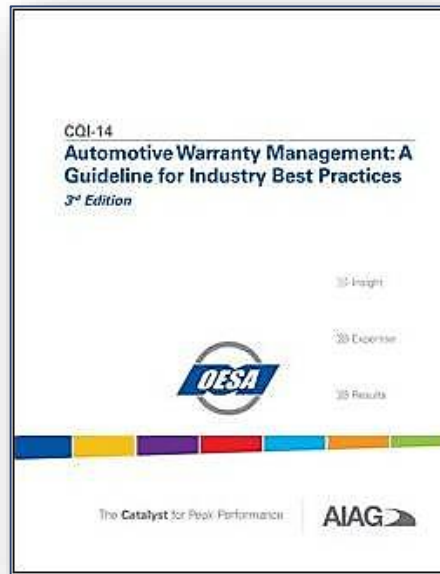
***Pace of learning is
critical***

Global Mission Statement:

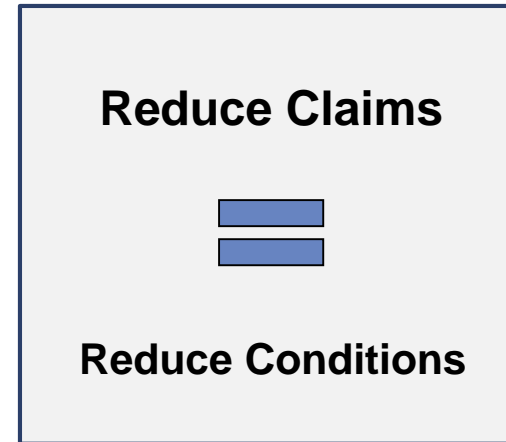
Ensure capable processes in order to guarantee the right quality and quantity of parts, on time, that meet customers' expectations using World Class Manufacturing.

**Occasionally, we don't deliver on
our Mission... then what?**





CQI 14



Purpose

Focus on Supplier Claim Reduction

Still More Work To Be Done...

2015 Warranty Attack → Continues to 2017

2016

30%

**IMPROVEMENT
TARGET**

**Continuous
Improvement**

2017

37%

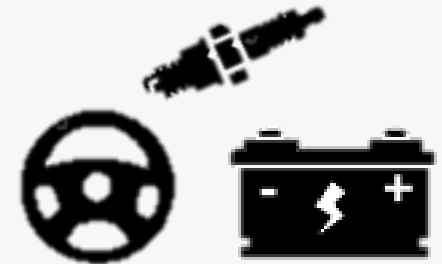
**IMPROVEMENT
TARGET**

Customers are impacted negatively by quality concerns

**Unsatisfied
Customer**

**Poor Quality
Vehicles**

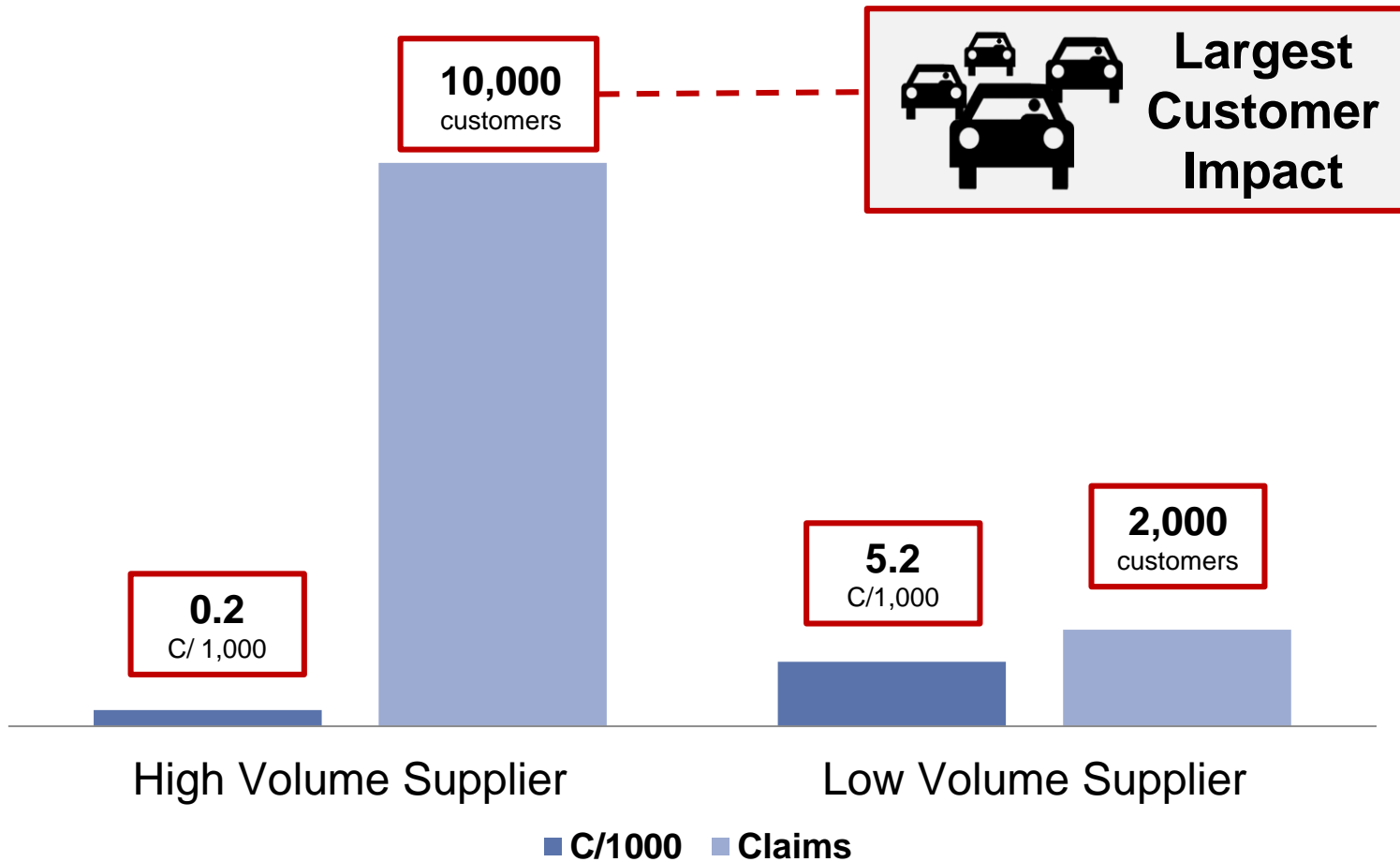
**Part
Issues**



To improve suppliers must:

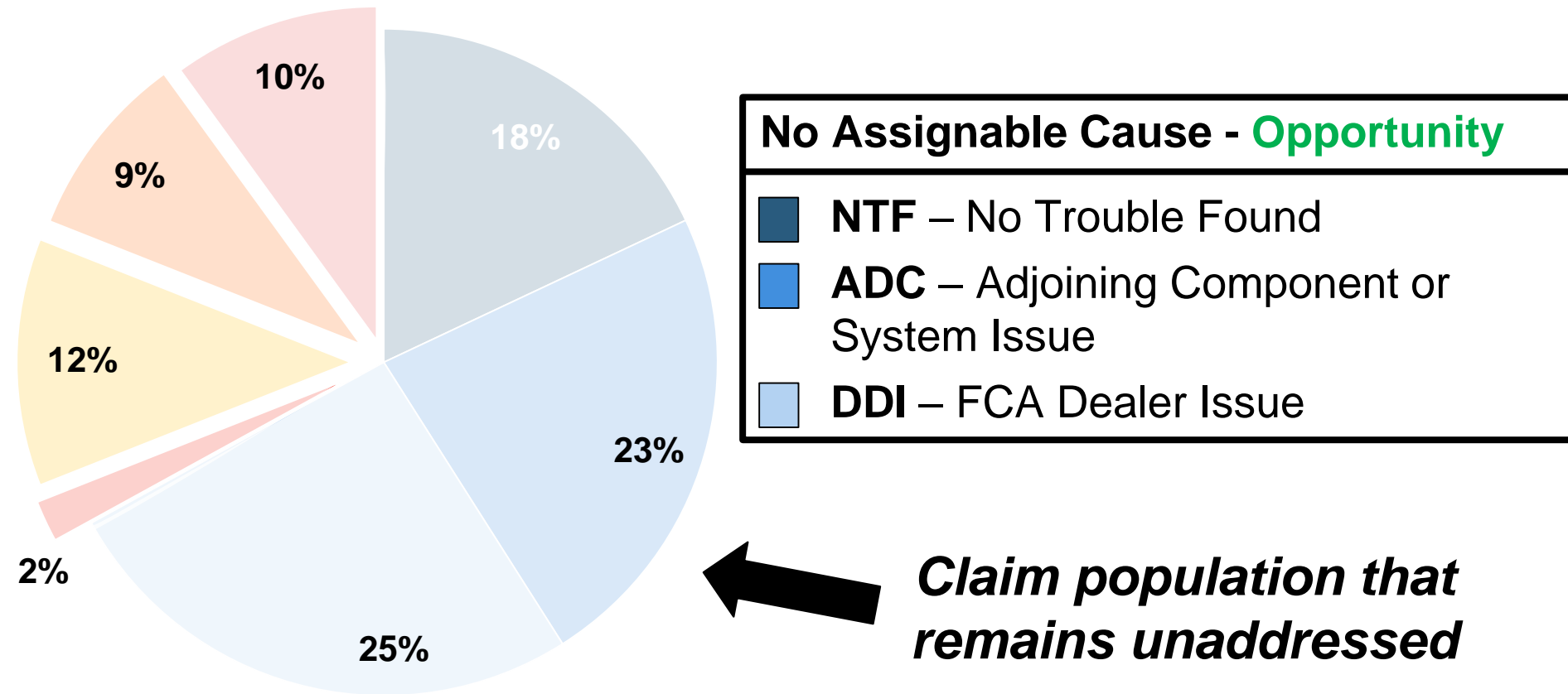
- **ALL** warranty categorization areas must be attacked
- Eliminate “it’s not my responsibility”
- Active claims review

Focus on Supplier Claim Reduction



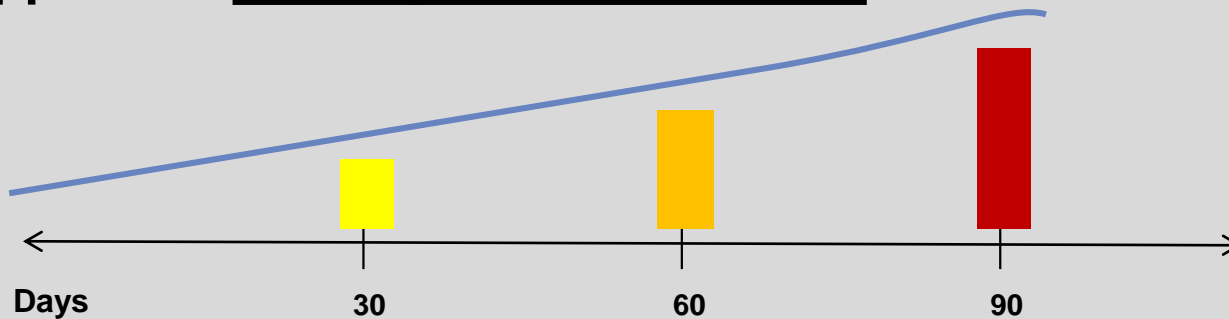
Claim categories with significant untapped warranty reduction opportunities

Recognizable claim distribution



***Early Warranty Tracking
is the only system with claim data that is available
in as little as one day.***

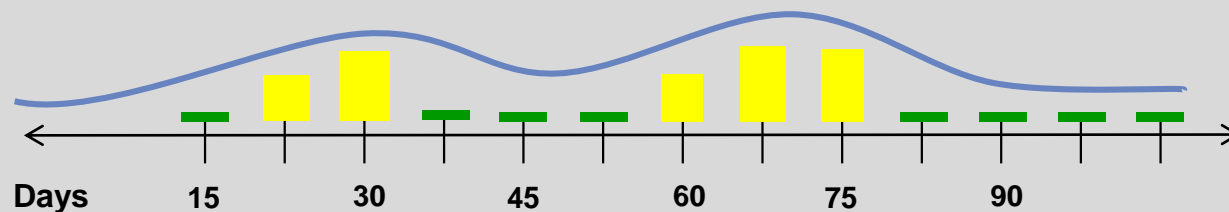
Supplier B: Monthly Review – C/1000



✗ INCORRECT

*Missing advantage
to review real time,
mass accumulation
of claims*

Supplier A: Daily Review – EWT - Claims

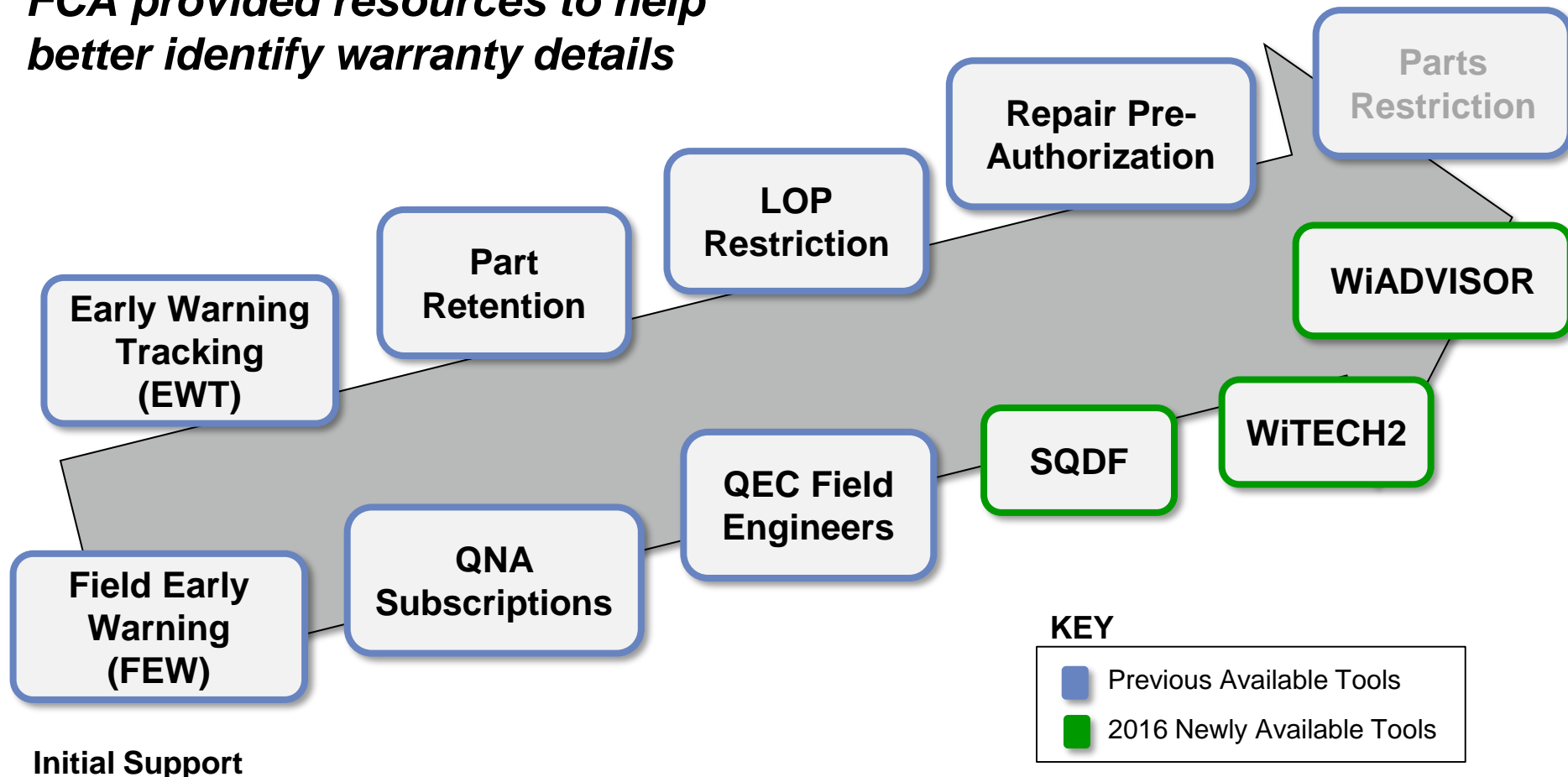


✓ CORRECT

*Ability to address
claims in real-time as
they are identified*

Available Warranty Reduction Tools

FCA provided resources to help better identify warranty details



Warranty Reduction Tool

The Playbook is a live document that can be referenced for training, mitigation and overall warranty initiatives.

PLAYBOOK



<https://teamsites.chrysler.com/sites/sq/CQI/SitePages/Home.aspx>

- Teach warranty mitigation tools and techniques
- Communicate warranty initiatives
- Communicate CQI-14 expectations
- Reduce PRAS/EWT claims
- Define roles and responsibilities

Flawless Launch Commitment

- 5P*
- Warranty targets are a challenge!
 - EWT is your guide
 - All claims need action
 - Shift paradigm to own all your warranty

* Proper Planning Prevents Poor Performance





FIAT CHRYSLER AUTOMOBILES

2016 Supplier Relations Survey Results

Scott Thiele
Chief Purchasing Officer, FCA - Global



Agenda

- Overview
- 2016 Survey Findings
- Supplier Feedback
- Actions / Key Next Steps

Your **feedback** is important to us

We use your comments to **drive**
initiatives for the following year





2nd annual survey

Completed by over 1300 suppliers in
NAFTA, EMEA & LATAM



FOUNDATIONAL
PRINCIPLES

Survey Focus:

- Measure supply base familiarity with Foundational Principles
- Measure FCA's behaviors as aligned to Foundational Principles
- Collect supplier feedback to help FCA improve

Purchasing Recommendations:

- Improve staffing / turnover issues
- Provide additional support and increased communication with suppliers
- Communicate long term strategy (Product Plan)
- Accelerate commercial resolutions (negotiation & sourcing decisions)

Supplier Quality Recommendations:

- Openness to supplier ideas
- Cross-functional supplier advocacy
- Involve SQEs earlier in vehicle and powertrain programs



- Shared results with and received feedback from NAFTA (Q4) and Global (Q1) SAC
- All regions, including NAFTA, are developing 3 projects focused on survey feedback
- Report progress on projects at Global/NAFTA purchasing staff meetings
- Project completion is a global Purchasing performance goal for 2017
- Introduction of Supplier Champions
- Identified list of focus Suppliers for 2017
- Instill a **consistent** approach for the One Voice process



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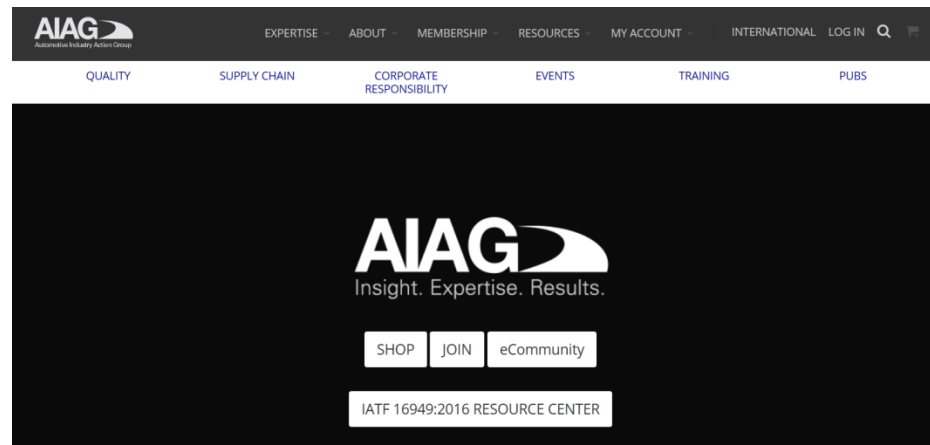
FCA US & AIAG Supplier Performance: Resources & Tools

Traci Madden
Supplier Relations Manager, FCA - North America



- FCA US has been partnered with the Automotive Industry Action Group (AIAG) for 35 years; we were one of the founding OEM members
- FCA US is an active participant on the AIAG Board of Directors and supports with an employee 'on loan' and many work group volunteers
- FCA US operational metrics for Quality, Delivery and Sustainability are all supported by AIAG's common automotive industry resources and tools designed for training and education activities

www.AIAG.org





FIAT CHRYSLER AUTOMOBILES

AIAG: at-a-glance

Scot Sharland
Executive Director, AIAG



AIAG exists so that the global automotive and related industries will have a seamless, efficient and responsible supply chain committed to:

- *Reductions in Cost, Complexity & Risk*
- *Continuous Improvement in Quality, Supply Chain Management & Corporate Responsibility*
- *Optimized Speed to Market*

AIAG supports the global automotive and related industries commitment to realize a seamless, efficient and responsible supply chain by providing:

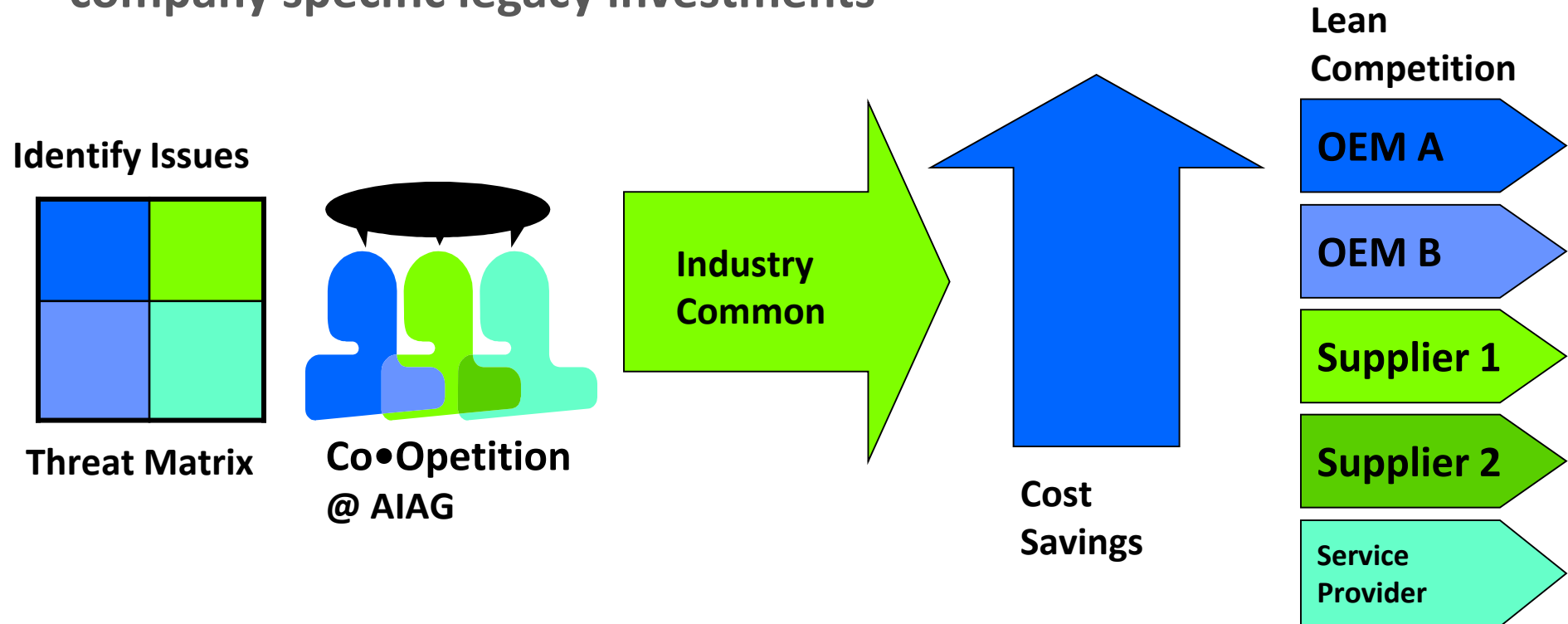
- *An open, neutral, professional and legal collaborative infrastructure to support ALL industry stakeholders' input & engagement*
- *An 'Industry Sentinel', assuring our members awareness, understanding & responsiveness to emerging risk*
- *A global resource for 'mission critical' supply chain management standards & best practices developed by the industry...for the industry....*
- *More robust knowledge transfer processes to better attract, on-board and retain the 'next generation' of industry professionals*

- **Globally recognized trade association founded in 1982**
- **Unique forum to collaborate on industry issues**
 - Mitigate Risk
 - Manage Uncertainty
 - Drive pervasive access and utilization of the standards & best practices developed by the industry, for the industry
- **Our Strength**
 - 1930 member companies & growing
 - 900 Industry volunteers and 270 companies providing expertise
 - Over 60 active projects and committees
- **Subject matter experts on staff in Quality, Corporate Responsibility and Supply Chain Management**
- **Senior Executives ‘on loan’ from FCA, Ford, and GM**

Value Stream Mapping for the Automotive Supply Chain



Advanced State: Early identification of emerging issues with leadership-sanctioned Co•Opetition at AIAG drives industry commonization. Resulting cost savings allow supply chain companies to compete on a level playing field without non-value company specific legacy investments





Corporate Responsibility

- Global Chemical Management and Reporting
- Supply Chain Sustainability Programs
- Environmental Sustainability
- Greenhouse Gas and Energy Management
- Health Care Value
- Conflict Minerals Reporting & Best Practice
- Sustainability Knowledge Assessments & Benchmarking



Quality

- Management Systems (IATF, VDA)
- Auditor Training/Certification
- Automotive- Quality Core Tools
- Traceability
- Warranty Management
- Problem Solving
- Special Process Assessments
- Long-term Data Retention
- Model Based Enterprise (MBE)
- Quality Knowledge Assessments & Benchmarking



Supply Chain

- EDI Standards & Training
- Supply Chain Mapping/Recovery
- Damage Claims
- Finished Vehicle Logistics
- Cybersecurity for Trading Partners
- Materials Management
 - MMOG/LE Assessment
- Customs and Security
 - C-TPAT Reporting
 - Export Compliance
- Packaging & Container Management



Production Scorecard

- Incoming Material Quality (IMQ)
- Delivery
- Warranty
- Cost
- Partnership - Sustainability



Service Scorecard

- Incoming Material Quality (IMQ)
- Delivery
- Partnership - Sustainability



Sustainability Assessment

- Human Rights
- Environment
- Compliance & Ethics
- Diversity
- Health & Safety
- General



Corporate Responsibility

- Global Chemical Management and Reporting
- Greenhouse Gas and Energy Management
- Conflict Minerals Reporting & Best Practice
- Global Guidance Principles
- Sustainability Knowledge Assessments & Benchmarking



Quality

- Management Systems (IATF 16949)
- Auditor Training/Certification
- Automotive- Quality Core Tools
- Warranty Management
- Special Process Assessments
- Quality Knowledge Assessments & Benchmarking



Supply Chain

- EDI Standards & Training
- Cybersecurity for Trading Partners
- Materials Management
 - MMOG/LE Assessment
- Packaging & Container Management
- DIVERSITY Supplier Development

Interface & Leadership



Hau Thai-Tang

*Group Vice President
Global Purchasing
Ford Motor Company*



Scott Thiele

*Chief Purchasing Officer, FCA - Global
Fiat Chrysler Automobiles N.V.*



Steven Kiefer

*Vice President
Global Purchasing & Supply Chain
General Motors Company*



Robert Young

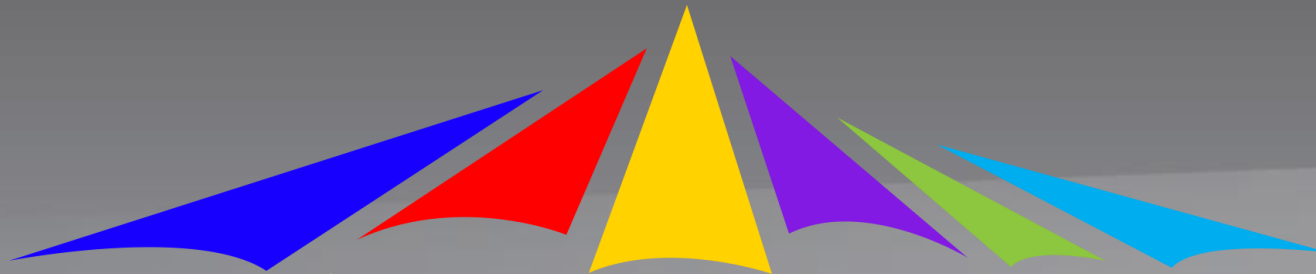
*Group Vice President Purchasing,
Supplier Engineering Development,
and Cost Planning
Toyota Motor North America*



Tom Lake

*Vice President
North America Purchasing
Honda North America, Inc.*

Insight. Expertise. Results.



big tent

AIAG 2025



| Insight. Expertise. Results.



GOAL : *DRIVE pervasive industry access/utilization of AIAG collaboratively developed Best Practices and Standards & achieve more predictable outcomes*

TARGET(s) : *Sub-Tier/Minority Suppliers & the Next Generation of Industry Professionals*

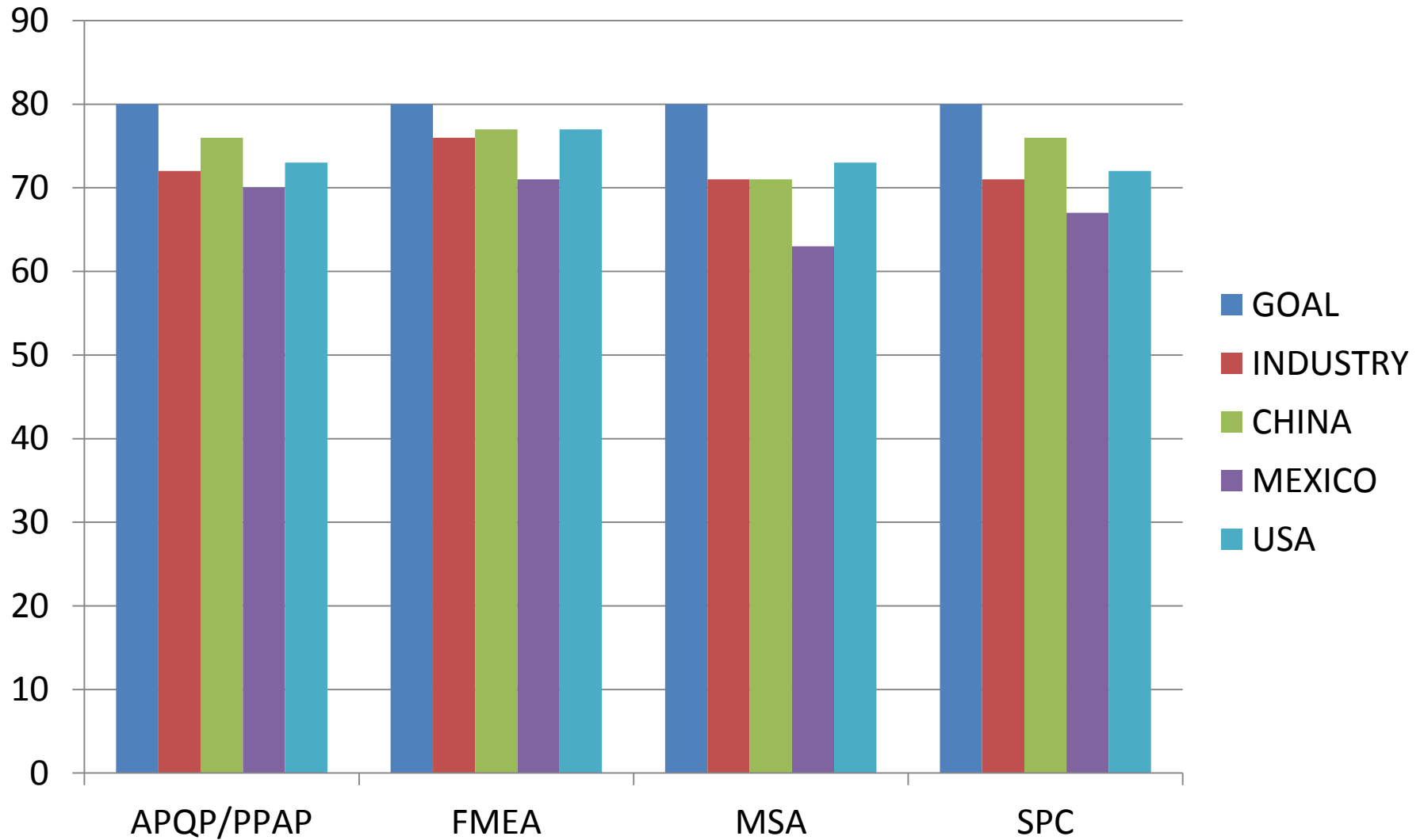


2 Diverse Constituencies

- **OEMs / Tier 1 Suppliers**
 - AIAG Value Proposition:
RISK Mitigation
- **Sub-Tier Suppliers**
 - AIAG Value Proposition:
Managing Uncertainty

- Big Tent Features/Benefits : Sponsored (FREE) Memberships
 - *If an AIAG member in good standing, those companies and/or their suppliers (direct part manufacturers) under \$20M in annual revenue, can apply for a 5 YEAR “sponsored AIAG membership”*
 - OEM, Tier 1 and larger sub-tier suppliers “pay it forward” to provide access to AIAG solutions for smaller suppliers to nurture/develop more predictable manufacturing outcomes & reduce risk
 - As a member ALL Employees have access to all member benefits including free eDocuments, assessments, and eLearning necessary to be a successful global automotive supplier(s)
 - Allows Supplier benchmarking opportunities for both their employee populations and their company (regional/international/industry)

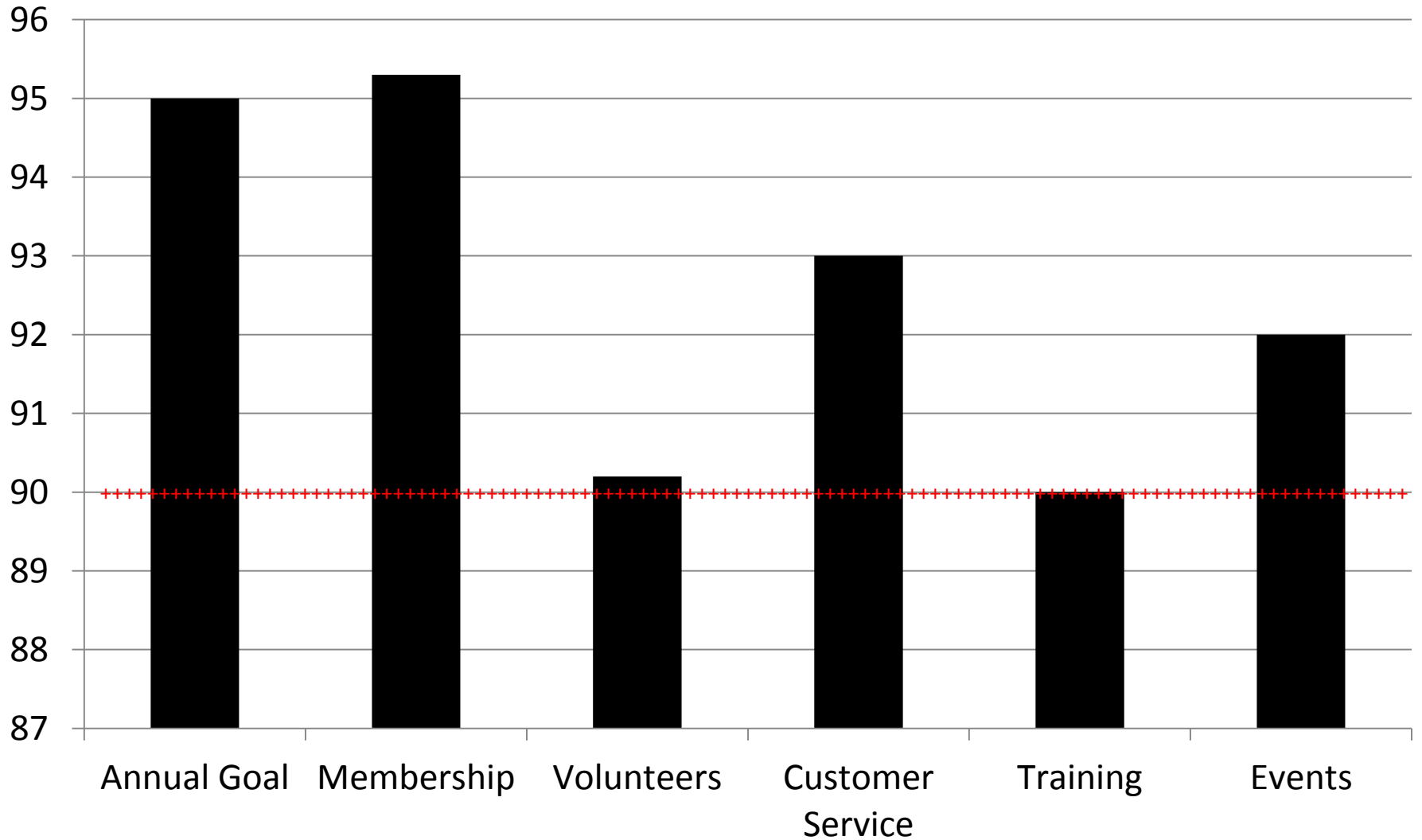
Core Tools Self-Assessment Scoring(2016)



- **AIAG 2016 Engagement Summary**
 - National Minority Supplier Development Council Automotive Industry Group (AIG)
 - Women's Business Enterprise National Council (WBENC)
 - Great Lakes Women's Business Council (GLWC)
 - Canadian Aboriginal & Minority Supplier Council (CAMSC)
 - Asian Pacific American Chamber of Commerce (APACC)
 - Minority Hispanic Chamber of Commerce (MHCC)
 - **66 MBE's are now AIAG members (+32 in 2016 via MMSDC)**
- **Point of Emphasis = Direct Part Sourcing**
 - Expand capacity/capability of existing MBE's
 - ID/ Accelerate on boarding of new MBE's
 - Leverage GAPSCN
- **Participation at OEM/Tier 1 Minority Sourcing Events**
 - Promote “Big Tent’ for ALL Minority Suppliers (NO Annual Revenue Restriction)

- **A collaboration between Industry and Academia to:**
 - **Accelerate the personal/professional development of the next generation of P& SC professionals & ‘fast-track’ them to auto industry assignments**
 - Minimize the time/expense required to “un-learn” & re-train entry level professionals
 - Associate, Undergraduate, Graduate, Adult Continuing Education
 - Wayne State University dedicated commitment to Automotive Supply Chain Curriculum
 - **Provide ‘thought leadership’ and basic research to identify emerging industry threats/issues, predict the potential impact of disruptive technologies or business practices and assess the ‘cost of compliance’ for regional, national and international legislative mandates**
 - **Collaboratively develop, socialize & pervasively deploy automotive industry Supply Chain Management standards and best practices**
 - Industry Associations
 - Industry Events

Engagement Satisfaction Metrics 2016



AIAG Membership Application



- Apply for Membership Go To: <http://go.aiag.org/joinfca>
 - Complete the application and submit, and AIAG will contact you
 - Problems? Questions? Contact Members Services at 248.358.9780 or membershipservices@aiag.org



FCA and AIAG Supplier Membership Program

In an effort to further strengthen our commitment to working with and for our suppliers, FCA has partnered with AIAG to provide our suppliers FREE, unlimited access to knowledge assessments, training, standards and best practices in the areas of quality, materials management & sustainability. For over 30 years, AIAG has brought the industry together to collaborate and develop the solutions that improve quality, reliability and profit for everyone. We want you on board. Working with AIAG, your team gets bigger, smarter and faster than it could ever be alone

New for this year, FCA is paying it forward and offering sponsored memberships for our direct part suppliers whose whose global revenue is under \$20 million. If you meet this criteria, your AIAG membership is FREE, and will be locked in for 5 years! Even if you don't qualify for a sponsored membership, the process improvements you get from using the industry developed best practices exponentially outweigh the small membership investment.

Learn More Now!

First Name*	Last Name*
<input type="text" value="Kathy"/>	<input type="text" value="LaFerle"/>
Email Address*	
<input type="text" value="klaferle@aiag.org"/>	
Job Title	
<input type="text" value="membership"/>	
Phone Number*	
<input type="text" value="2482134650"/>	
Company Name*	
<input type="text"/>	

Insight. Expertise. Results.

THANK YOU !!!!!!!!!!!!!



JarOfQuotes.com

GREAT TEAMWORK IS THE
ONLY WAY WE CREATE THE
BREAKTHROUGHS THAT DEFINE
OUR CAREERS.

- PAT RILEY



FIAT CHRYSLER AUTOMOBILES

Q&A

PLEASE WAIT FOR A MICROPHONE

