

## PRESS RELEASE

### Iveco – All Blacks Press Conference

*Paolo Monferino speech - Iveco Chief Executive Officer*

Iveco designs, manufactures and markets light, medium and heavy commercial vehicles, buses and coaches, off-road trucks – as well as special vehicles for firefighting, defence and civil protection. Such broad range makes us one of the few true full-liners in the world of professional transport.

2006 revenues will total about 9 billion euros – with an operating profit of around 6%.

Iveco 2006 estimated revenues can be broken down by business as follows:

- our light CV business accounts for more than 1/4 of our total sales,
- the medium truck business for more than 10%,
- heavy trucks for nearly 40%,
- our bus business for around 15%,
- and the special vehicles for the rest.

A very important role is played by customer services – which contribute over 15% of the company's revenues.

Iveco markets its products and services in most world areas, with a leading position in Western Europe:

- Italy accounts for 24% of our sales,
- other Western European countries for 49%,
- Central and Eastern Europe for 10%,
- Latin America for 7%,
- Asia, Pacific and the rest of the world for 10%.

Iveco strengths can be summarized as follows:

- a full-line offer, covering all areas of professional transport,

- technologically advanced platforms, delivering best-in-class components and products,
- a constant effort to improve quality standards,
- a strong, widespread and ever more reliable sales and service network.

Our customers can choose their Iveco vehicle from a complete product range:

- from 2.8 to 44 total gross weight,
- equipped with engines that reach 13 litres and 540 bhp.

All products are very well perceived by customers, particularly in Western Europe – where our market share ranges from 11 to 27%, according to segments.

Iveco technical innovation is the result of huge R&D investments in products and processes – which have been consistently developed over the past years. Customers can count on excellent performance, reliability and fuel efficiency – and this means an optimized total cost of ownership.

Moreover, we have introduced Euro 5-compliant engines on our heavy range many years ahead of legislation requirements, and this guarantees high resell values for all our trucks.

We are well aware that continuous improvement of product quality is a key competitive factor. In our “Things Gone Wrong” assessment we include any defects our customers report: the descending pattern of the curve shows how initiatives of recent years are paying off.

Another key competitive factor is our sales network. We have worked a lot over the past years to rationalize our network and build a commercially strong and financially sound distribution system. In recent years we have reduced the number of dealers – while keeping a pretty good level of sales and service points.

As a result of product and service quality, financial performance has dramatically improved. We boosted our profitability from 3.7% in 2004 to an estimated 6% in 2006, thus confirming the target we set ourselves. This profitability / ratio trend makes us confident we will achieve expected margin levels also in the years to come.

Our orders backlog shows we have taken advantage of the market growth to increase our sales volume and keep our market share in every segment, while augmenting our profitability – as just remarked.

To sum up – Iveco has been working successfully on all leverages that guarantee further growth and profitability:

- products can rely on increasing recognition by our customers and prospects;
- strategies for cost efficiency have been implemented, including...
- ...joint purchasing policies with CNH , Case New Holland, a world leader in the agricultural and construction equipment businesses,
- and R&D efforts to unify our product platforms worldwide;
- the number of dealers has been pruned in order to have fewer, stronger and better partners;
- alliances are being formed to expand our market reach and to support our global expansion.

The Iveco way to global market consolidation is currently focused upon China. We have finalized last year 3 new industrial joint-ventures with excellent Chinese partners – Saic Motor Corporation, Nanjing Automotive Corporation and Chongqing Heavy Vehicle Group. Our mid-term goal is to double our volumes by offering a full product range in the area.

This evolution, nicknamed “Iveco 2”, aims at offering a full product range serving both the high grade and the low grade markets in every segment. All this, of course, improving vehicles through Iveco technology transfer.

Besides China, Iveco is looking at other areas for international operations:

- in India and Turkey we are exploiting Fiat Group partnerships,
- and in Southern America we are leveraging on Fiat dominance in the area.

All the developments I have just pointed out will for sure change Iveco in the next few years, and to a great extent.

We have been putting together a puzzle made of all these pieces, and I must say they are starting to fit nicely. But we are not satisfied... Our results are still not in line with what we are – and we believe that this is due to Iveco’s perception.

So this is our next commitment – supporting and improving our Brand reputation.

I am talking to communication professionals today, so it’s hardly necessary to repeat how important Brand Image is – as a prerequisite for sales volume, premium price and customer loyalty.

The commercial vehicles market is a professionals’ market – perception will never substitute substance. This is why we have been working hard on our product and processes as a first, necessary step to develop the Iveco Brand.

But to play and win our match in 2007 and beyond, we need to increase our Brand Image too.

To do this we have developed a multi-faceted, multi-media strategy – that includes the association with highly reputed, world-famous partners.

The target we have set ourselves is to reach double-digit profitability by the end of the decade.

When we think about this goal, we like to say we should be a “double digit company with double digit people”. Our challenge consists in fulfilling customers’ expectations by means of an appropriate Brand Experience – which basically means exploiting the enormous potential of our product range:

- our customers say we are delivering a high standard of quality – which contributes to build up our Brand promise and positioning;
- but to obtain the target of long-term customer satisfaction and loyalty, excellent Brand execution is the key,
- and this entails our capacity to manage the internal branding challenge.

At Iveco, we defined our roadmap to change through four strands.

- In terms of strategy, we are leaving behind an engineering-based culture to move on not just to customer orientation, but to customer centricity – and all our actions in recent times, from the start-up of a new organisation to the re-design of all processes, have been implemented with this purpose.
- In terms of branding, we are starting to move on towards loyalty-oriented activities, with the aim of increasing our Brand Equity – and therefore profitability.
- In terms of communication we have started a complete turnaround. As we said before, our aim is not just Brand awareness: we want to improve Iveco’s Brand Image – and ultimately Brand Value. To obtain this, the role of positive “word of mouth” is fundamental – we will foster its development and set it as a primary objective for our marketing and media activities.
- In terms of metrics, we need to replace the current assessment methods based on market share with methods based on “share of customer”. Iveco wants to become the first choice for all customers – the most demanding are most welcome. Market share is but a natural consequence of this approach.

For walking through our “paradigm shift roadmap” we have identified five main action lines.

- We want to come to a unifying vision (based upon a well-communicated unique selling proposition) through management re-orientation.
- We want to come to relevant core values, which we will translate into practice for all segments by building execution capabilities. In doing so, we are shifting from insight to action with a systematic customer feedback loop.
- We are following up every Brand implication with an effective implementation process – by encouraging our people to have "appetite for change".
- We are aligning our drivers with the support of clear, easily understandable metrics – so that we can effectively align behaviour with individual freedom and pragmatic approach.
- We are inspiring organisational change by establishing "pilot projects" and "change champions".

Being successful in this paradigm shift leads to a Brand value measurable with sales volume, premium price and loyalty.

But mind: when we say "Brand value" we mean not only for our shareholder but also for our stakeholders – clients, employees, dealers and the society as a whole. To all of them we offer our contribution – in terms of social responsibility, recognition and (ultimately) Brand trust.

That's why we engaged in a painstaking re-thinking of our company mission, vision and values. The Iveco vision for the next years is "To be the best-in-class performer in our industry, continuously delivering value, quality and success to our Customers and their businesses". In order to achieve this, we work everyday to put into practice our company mission: "To deliver solutions for the transport industry leveraging our excellent know-how and partnerships worldwide".

In doing so, we act consistently with our values, in line with Fiat Group's ones and within our industry logic:

- **Commitment** – that means we take responsibility in all we do. We challenge our working practices with a view to take upon ourselves the needs of Customers, the Shareholder, our Colleagues and the Society as a whole. For this purpose, in our everyday business as well as innovation efforts we seek continuous product and service improvements with priorities on Customer productivity, environmental care and safety.
- **Reliability** – we deliver on our promises. We consider delivering as a way of life both across our organisation and towards our Customers. Iveco people create and spread our Company reputation through delivering reliable and quality products and services on schedule and cost-effectively.

- **Performance** – we believe that performance of our products and services means primarily giving our Customers lasting value for supporting their business grow so that their success is ours, and our achievements are theirs.
- **Team Spirit** – we are a listening voice towards Customers, Suppliers and the Commercial Network so that we can sense and master change with a view to reinvent our common competitive advantage and play the next move anticipating competitors.

Taking responsibilities, delivering on promises, offering real value to customers and teaming with them – this is the core of our commitment to build a new Iveco:

- strong and profitable,
- as well as high in reliability and reputation.

The All Blacks show us that to be a winner always, everywhere and under any circumstance is very, very difficult – but not impossible. It is the outcome of hard work, drive and passion.

## Iveco

*Iveco designs, manufactures, and markets a broad range of light, medium and heavy commercial vehicles, off-road trucks, city and intercity buses and coaches as well as special vehicles for applications such as fire fighting, off-road missions, defence and civil protection.*

*Iveco employs 32,000 people and runs 43 production units in 18 Countries in the world using excellent technologies developed in 15 research centres. Besides Europe, the company operates in China, Russia, Turkey, Australia, Argentina, Brazil, and South Africa. More than 4,500 service outlets in over 100 Countries guarantee technical support wherever in the world an Iveco vehicle is at work.*

Montecarlo, January 16, 2007