



VAUXHALL

## *PSA & Opel / Vauxhall Alliance: Driving Towards A Better Future*



PEUGEOT



CITROËN



DS AUTOMOBILES

FREE<sup>2</sup>  
MOVE

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PSA  
GROUPE

# A Game-Changing Alliance for PSA & Opel / Vauxhall

- **Leading European OEM: #1 / #2 Positions Across Key Markets**
- **Complementary Brands**
- **Drive Efficiency on a Higher Scale**
- **Stronger Homebase to Address International Growth Opportunities**
- **Step-Change in Innovation Capability**



**4.3 MM**

Vehicles

**€55 Bn**

Auto Revenue<sup>(1)</sup>

**€4.8 Bn**

Auto EBITDA<sup>(2)</sup>

**+50%**

R&D Spend

# Opel / Vauxhall Teams to Drive Turnaround with Full PSA Support

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# Alliance Will Enhance Push-to-Pass and Raise Opel / Vauxhall to Industry Benchmark



Current Perimeter



Group Revenue

10%

Growth<sup>(1)</sup> by 2018 vs 2015  
Additional 15%<sup>(1)</sup> by 2021E

Automotive  
Recurring Operating  
Margin

>4.5%

Average  
over  
2016A-18E

≥6%

by 2021E<sup>(3)</sup>

2%<sup>(4)</sup>

by 2020E

6%<sup>(4)</sup>

by 2026E

Operational Free  
Cash Flow<sup>(2)</sup>

Positive

by 2020E

## Notes

1. At constant (2015) exchange rate
2. Defined as ROI + D&A – restructuring – capex – Capitalized R&D – Change in NWC
3. vs. initial guidance of 6% by 2021
4. Subject to full review of IFRS – US GAAP differences

# Existing PSA – Opel / Vauxhall OEM Partnership Already Delivering Significant Results

## Proven Cooperation Model Based on Three Key Pillars



### Joint Purchasing Organization

- Alignment of pricing to benchmark on joint procurement base



### Joint Product Development & Cross-Manufacturing

- Three common vehicles (20% of combined volumes)
- Projects on time/ at cost
- Cost efficiency



### Strong Cultural and Engineering Fit

- Joint working groups across both companies
- Track record in delivering tangible savings

## Impact of 3 Joint Vehicle Programs from 2017E Onwards

*Crossland X C3 Aircross*



Launch 2017E

220k units (2018E)<sup>(1)</sup>

BVH1 platform  
Opel plant

*Grandland X Peugeot 3008*



Launch 2017E

300k units (2018E)<sup>(1)</sup>

EMP2 platform  
PSA plant

*B-LCV*



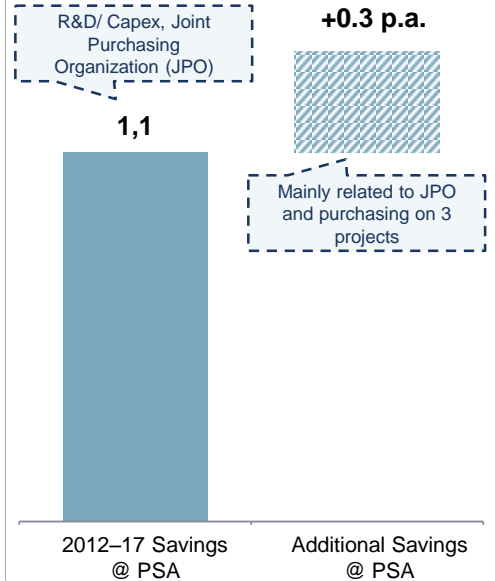
Launch 2018E

300k units (2019E)<sup>(1)</sup>

EMP2 platform  
PSA plant

## c.€1.1 Bn Savings Already Generated With Add. €0.3 Bn p.a.

PSA Share - In € Bn



Sources: Company Information, IHS (February 2017)

Note  
1. Based on IHS

# The PSA – Opel / Vauxhall Combination Leads to Mass Market Leadership

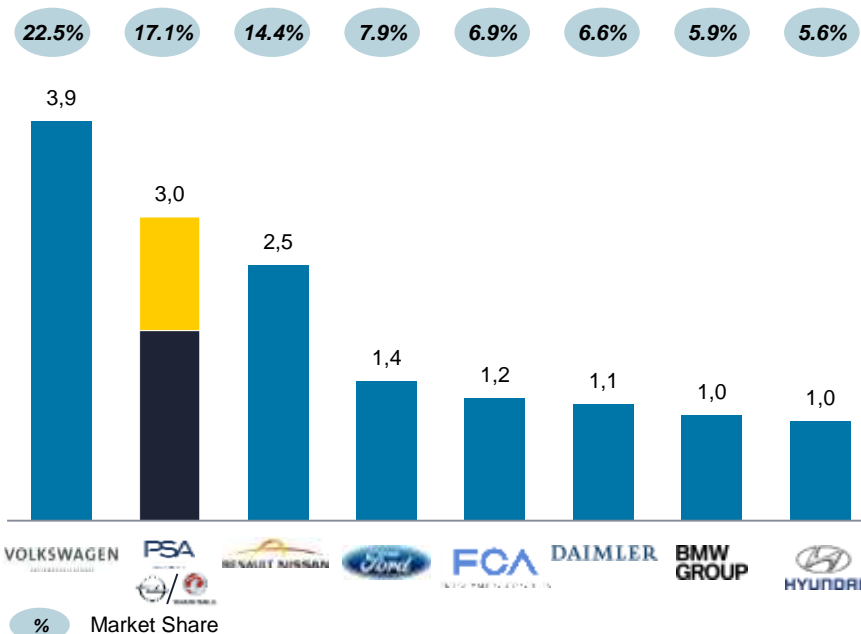
## A Transformational Strategic Combination<sup>(1)</sup>...

	PSA GRUPE	+	Opel / VAUXHALL	=	PSA GRUPE Opel / VAUXHALL
Global Sales (MM units)	3.1		1.2		4.3
European Market Share <sup>(2)</sup>	10.7% (# 3)		6.5% (# 7)		17.1% (# 2)
Auto. Revenue (€ Bn)	37.1		17.7		54.8
Auto. EBITDA (€ Bn)	4.0		0.8 <sup>(3)</sup>		4.8

## ...Strengthening PSA's Position in Europe's Mass OEM Market

### European Light Vehicle Sales<sup>(2)</sup>

MM Units, 2016A



Source: Company information, IHS Automotive (February 2017)

#### Notes

1. Based on 2016 figures
2. Excluding Russia and Turkey
3. Defined as recurring operating income + D&A, assuming 40% of Opel / Vauxhall Auto R&D capitalized

# Strong Geographic Complementarity

## Strong Complementarity



3.6

#8

#6



3.1

#6

#4



2.4

#2

#9



2.0

#4

#6



1.3

#3

#5



0.6

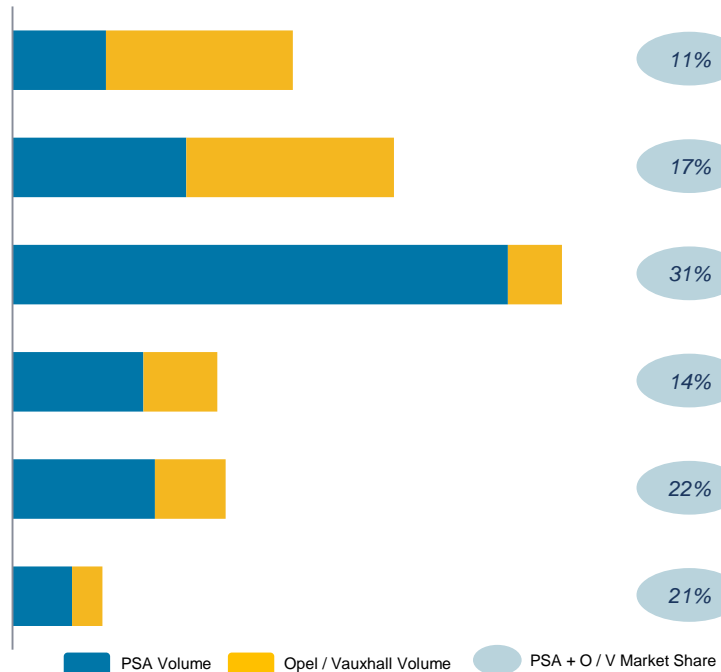
#3

#5

Market Size (MM units)

## Leading Positions (#1 / #2) Across European Markets

### 2016A PSA & Opel / Vauxhall Volumes



#2



#2



#1



#2



#1

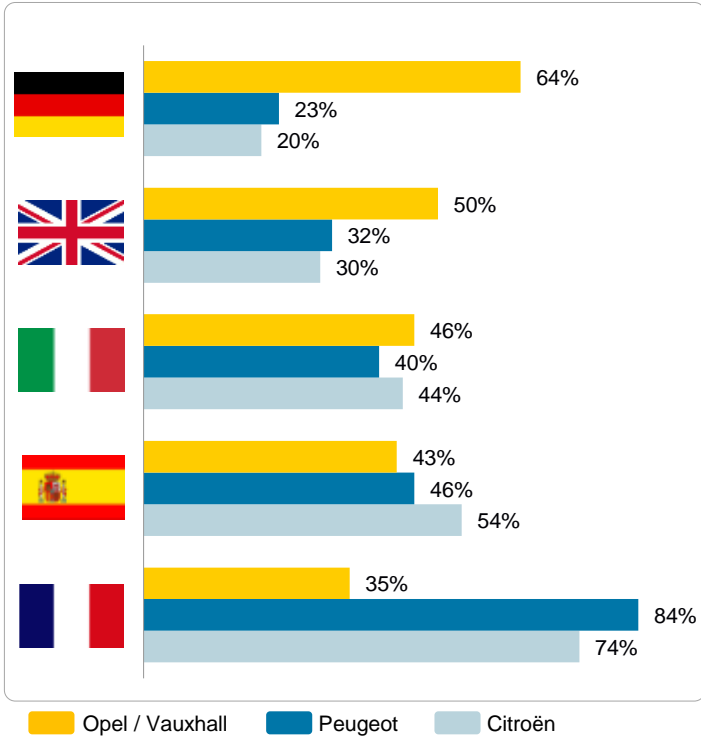


#1

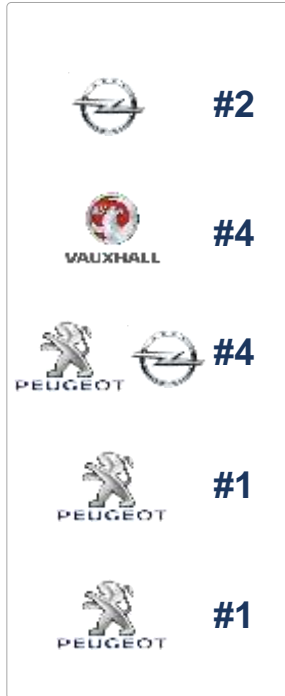
Source: IHS Automotive (February 2017)

# Differentiated Brand Awareness and Image

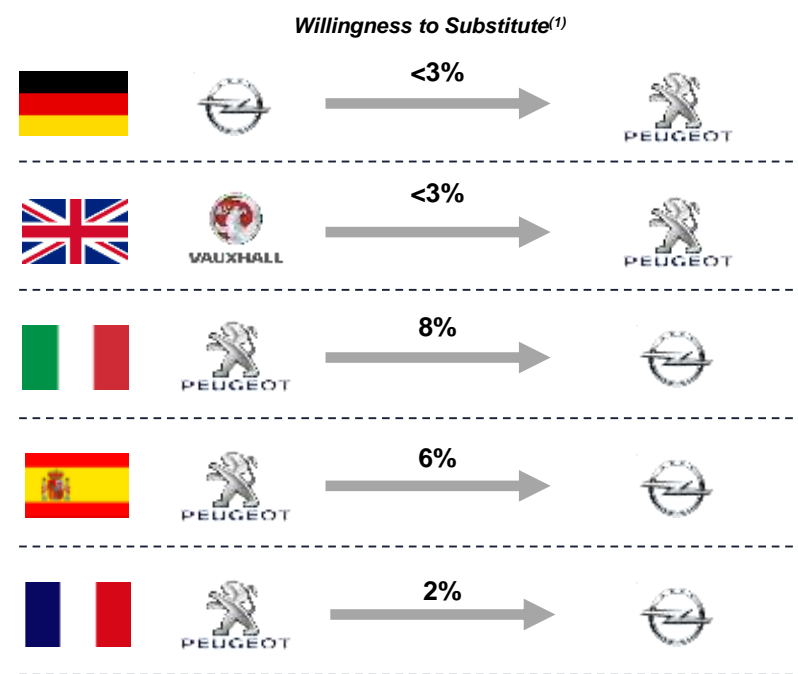
## High Level of Spontaneous Brand Awareness...



## ...A Strong Image...



## ...and Low Cannibalization Risk





# Major Improvement in Momentum at Opel / Vauxhall

## Effective Strategic Action Plan Launched

Model and Engine Offensive

29

Model launches over 2016A-2020E

60%

2016A sales with <2y launches

Brand and Product Image

European Car of the Year 2016



Improved Efficiency

### Market Penetration

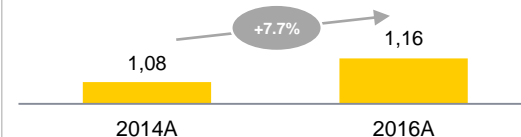
- Optimization of dealer network
- Improved sales efficiency through launch of FinCo in 2013

### Footprint Optimization

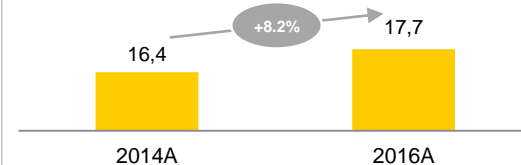
- Manufacturing: production relocation / Bochum closure
- Discontinued activity in Russia

## Improving Financial Performance<sup>(1)</sup>

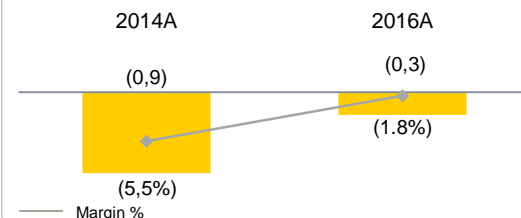
### European Sales Volume ('000)



### Revenue (€ Bn)



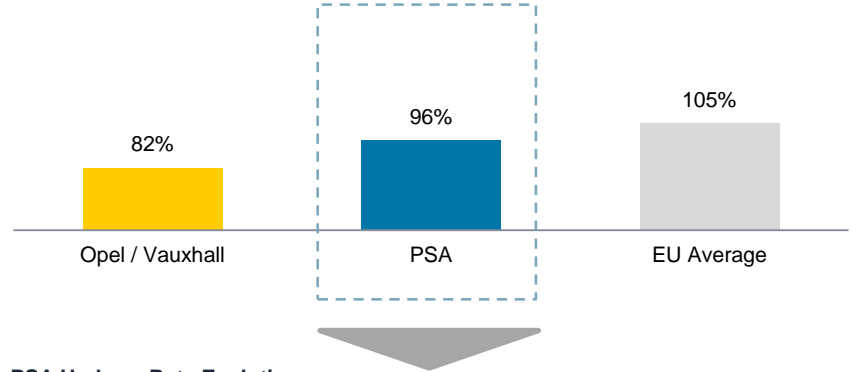
### EBIT (€ Bn)<sup>(2)</sup>



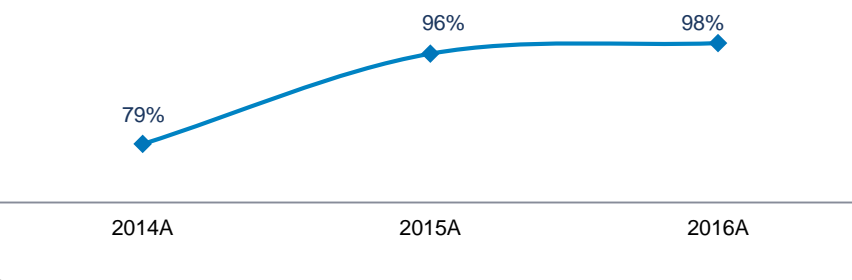
# Clear Additional Levers to Drive Performance Towards Benchmark Levels

## Relative Performance Across Key Metrics

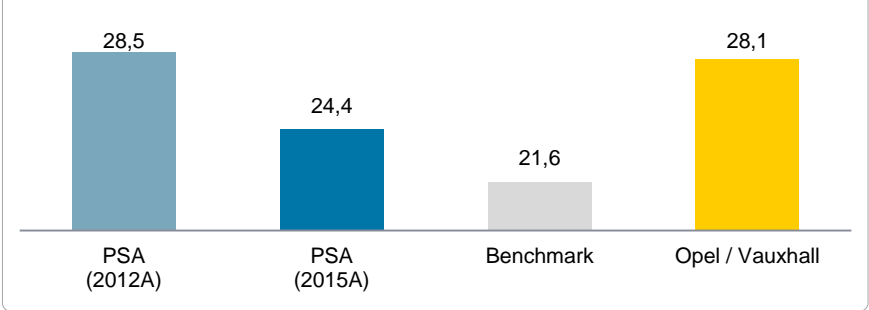
2015A Harbour Rate



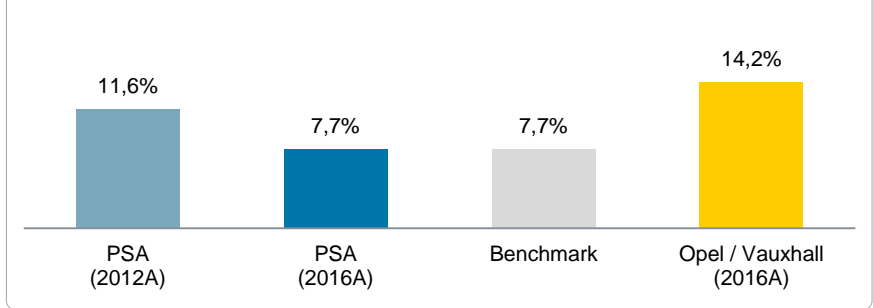
PSA Harbour Rate Evolution



Efficiency (# Hours / Car)



Inventories % of Revenue

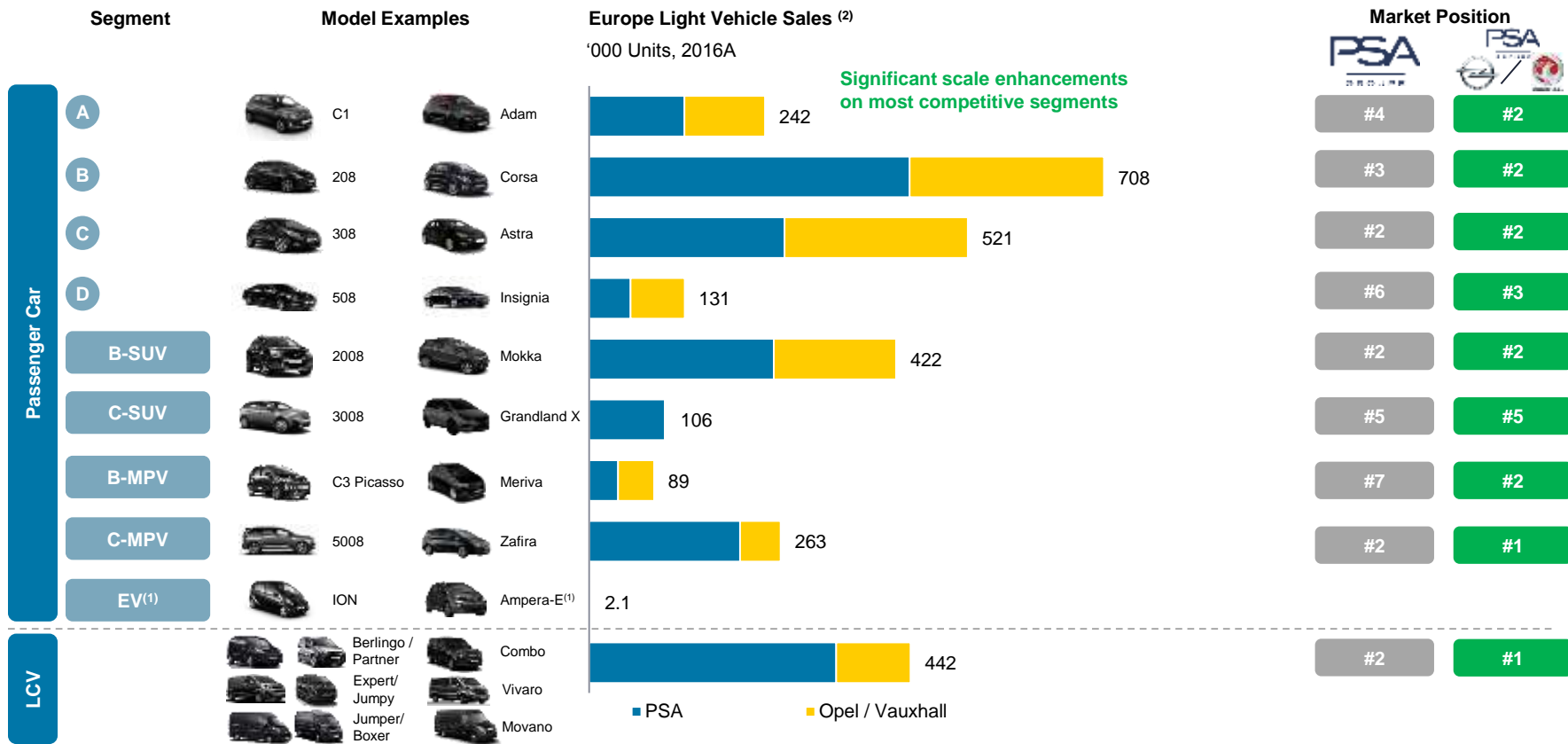


Sources: Company information, Harbour- Analyse DSI

**Note**

1. EU average includes: Kia, BMW, Mercedes, Renault, VW, PSA, Ford, Jaguar, FCA, Opel/ Vauxhall

# Significantly Enhanced Scale Across Segments, Especially B & C



Sources: IHS Automotive (February 2017)

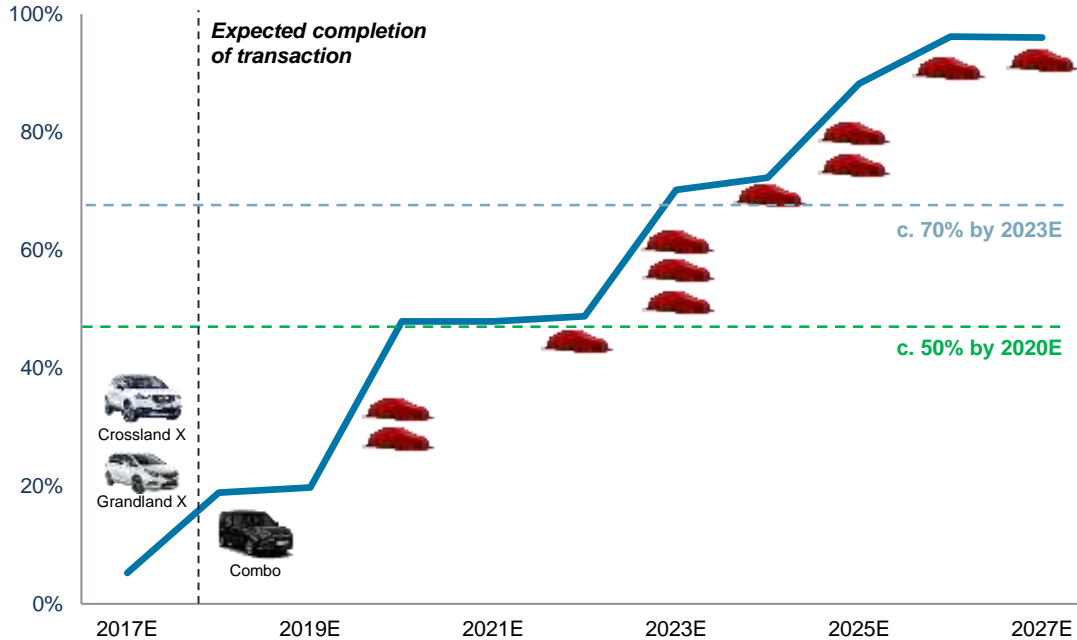
**Notes**

1. Launched in 2016A
2. Excluding Russia and Turkey

# PSA Platforms and Powertrain Rapidly Rolled Out to Opel / Vauxhall

## Ramp Up of Joint Platforms to Full Convergence Within 8 Years

% Combined Volumes on Common Platforms



## Complementary Powertrain Offering

### PSA technologies deployed on Opel / Vauxhall

- Small efficient ICE
- PHEV
- Electric platforms (E-CMP)

## Combined Sourcing

### Platform convergence will facilitate combined sourcing

#### % Sourcing from Europe

**c. 45%**







vs.

**92%**



Source: IHS Automotive (February 2017)

# Combination to Generate Annual Synergies of €1.7 Bn and €1.2 Bn Working Capital Release

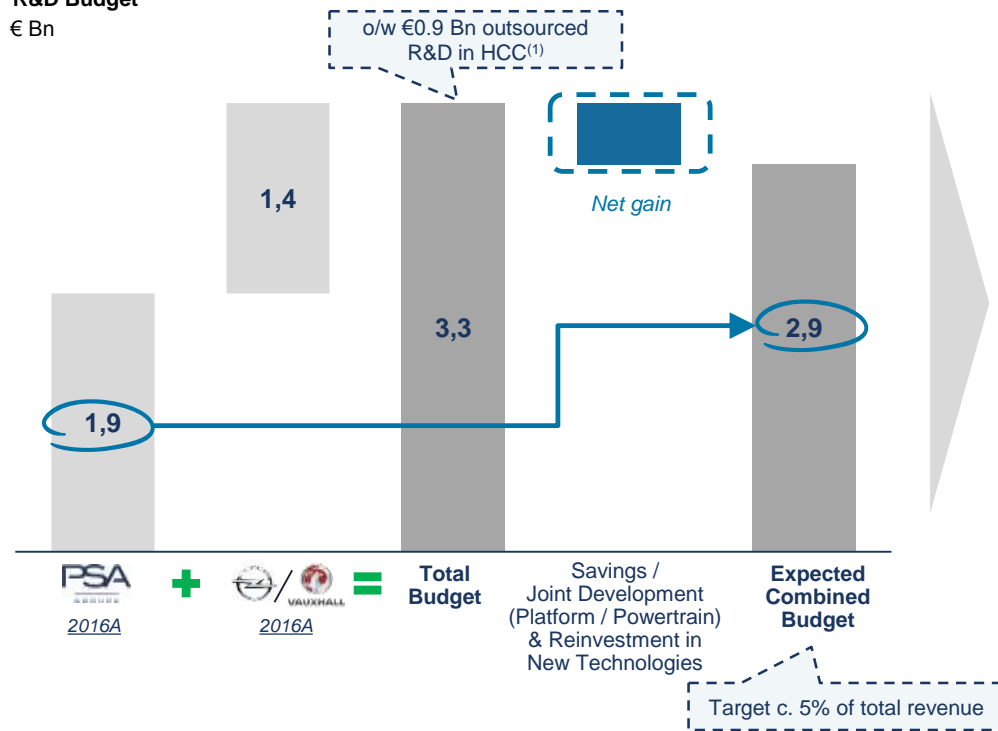
 <b>Purchasing</b>	<b>c. 30%</b>	<ul style="list-style-type: none"> <li>• Scale effects</li> <li>• Technical best practices leading to optimized purchasing</li> <li>• Combination of purchasing functions and European sourcing</li> </ul>	
 <b>R&amp;D</b>	<b>c. 25%</b>	<ul style="list-style-type: none"> <li>• Convergence of platforms and powertrains</li> <li>• Design to cost</li> <li>• Full digitalization of product development</li> </ul>	
 <b>Manufacturing</b>	<b>c. 20%</b>	<ul style="list-style-type: none"> <li>• Alignment of industry benchmarks</li> <li>• Plant modernization and improved efficiency</li> </ul>	
 <b>SG&amp;A</b>	<b>c. 10%</b>	<ul style="list-style-type: none"> <li>• Alignment with industry benchmarks</li> <li>• Multiple areas of joint savings</li> </ul>	
 <b>Capex</b>	<b>c. 15%</b>	<ul style="list-style-type: none"> <li>• Leveraging gains in manufacturing efficiency and common developments</li> <li>• Optimization of joint capex</li> </ul>	
<b>c. €1.7 Bn p.a.</b>		<b>c. €1.1 Bn p.a.</b>	
<b>Run-Rate Synergies By 2026E</b>		<b>Synergies Expected By 2020E (c. 65%)</b>	<b>c. €(1.6) Bn</b>
<b>Total Implementation Costs</b>			
 <b>Working Capital Optimization</b>	<b>c. €1.2 Bn</b>	<ul style="list-style-type: none"> <li>• PSA with strong track record</li> <li>• Full realization by 2022E</li> </ul>	

# Scope for Greater Innovation and Optimised Technology Spend

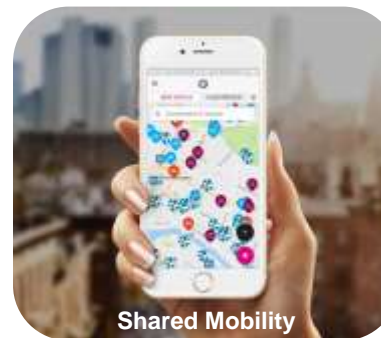
## Opportunity to Optimize R&D Budget

R&D Budget

€ Bn



## Re-Direct Investments to “Future Mobility” Technologies



Source: Company information

## Broadening Partnership with General Motors in Advanced Technologies and Services



### Fuel Cell

- Long-term supply of Fuel Cell Stack system for future PSA vehicle



### Electrification

- PSA and General Motors electrification component technology cooperation
- Shared purchasing and related scale

# Auto Transaction Consideration for PSA of €1.32 Bn

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Opel / Vauxhall Automotive	€1.32 Bn	<ul style="list-style-type: none"><li>• 7.4% 2016A pro forma Revenue</li></ul>
General Motors Europe Pensions	-	<ul style="list-style-type: none"><li>• GM retains all pensions obligations excluding German active workers and certain regional plans contributed to PSA</li><li>• Total net underfunded status of pensions obligations retained by GM: c. \$6.5 Bn</li><li>• GM to fully fund plans assumed by PSA on IFRS (c. €3.0 Bn funding)</li></ul>



# PSA and BNP Paribas To Acquire General Motors' European Financing Activities



BANQUE PSA FINANCE



**Opel Bank**

## Continuation of PSA's Highly Successful Partnership Model in Consumer / Dealer Financing, Supporting the Development of Automobile Distribution

- **PSA and BNP Paribas to acquire General Motors Europe financing activities for €0.9 Bn, 0.8x Book Value**
- **50 / 50 ownership, with BNP Paribas to consolidate the entity**
- **Well capitalised, low risk profile financing activity**
- **Significant room for value creation through the partnership and alignment of Opel Financing Activities with best in class levels (penetration, cost of funding, IT platform...)**

# GM Europe Financing Activities Serve Opel and Vauxhall Across Europe

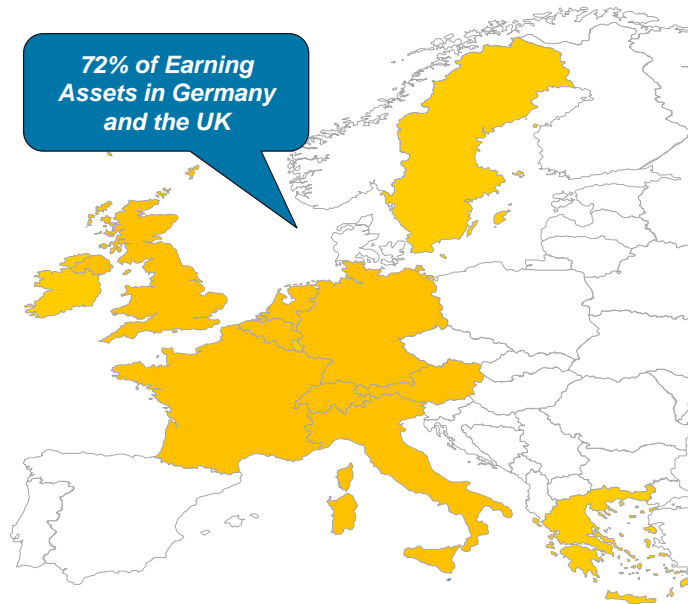
## A High Quality Auto Finance Player Critical to Opel / Vauxhall's Auto Operations

- Pan-European footprint, present in 11 countries
- Long-standing relationship with ~1,800 dealers
- Full spectrum product offering to consumers and dealers, including leasing activities in Germany
- Robust funding platform leveraging on German deposits (€1.8 Bn) and securitisation capabilities (€4.0 Bn)
- Earning Assets of €9.6 Bn (2/3 consumer, 1/3 commercial)
- c. 31% of Opel sales with an Opel financial service

## Significant Value Creation Potential

- Rollout of best practices to raise Opel financial services performance to benchmark levels
- Leverage access to highly attractive cost of funding to ensure competitive offering

## Pan-European Footprint



■ Geographies operated by General Motors European Financing Activities

# FinCo Transaction Consideration for PSA of €0.46 Bn

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General  
Motors  
Europe  
Financial  
Services

€0.46 Bn

- **0.8x 2016A P / BV of €1.2 Bn**
  - c. 9% 2016A RoE / 12% leverage
- **Acquired 50/50 with BNP Paribas**
  - Formation of 50 / 50 JV
  - Funding gap assumed by BNP Paribas
  - PSA share: c. €0.46 Bn
  - Full consolidation by BNP Paribas, accounted for under the equity method by PSA

# Transaction Financing With Limited Impact on PSA Net Cash Position

Opel / Vauxhall Automotive  
€1.32 Bn

- **Cash on balance sheet (c. €0.67 Bn) and warrants (c. €0.65 Bn)**
- **In connection with the transaction, GM would subscribe to warrants with a 9-year maturity, exercisable from 5<sup>th</sup> anniversary of issuance, corresponding to c. 39.7 MM PSA shares<sup>(1)</sup> / 4.2% of share capital<sup>(2)</sup>**
  - €1 strike (nominal)
  - €17.34 reference price<sup>(1)</sup>, total value of €0.65 Bn
  - No governance rights, no voting rights
  - Not transferrable
  - Undertaking to sell shares upon exercise within 35 days
  - Subject to May 10<sup>th</sup> EGM vote
  - Undertaking from FFP/ EFP/ French State/ DFM (in aggregate 36.6% of capital and 51.5% of voting rights<sup>(2)</sup>) to vote resolution

GM Europe Financial  
Services (50%)  
€0.46 Bn

- **Cash on balance sheet**

Cash-out / Net debt impact for PSA:  
c. €1.13 Bn  
64% of total transaction value

Warrants:  
c. €0.65 Bn  
36% of total transaction value

## Notes

1. Reference price is the 20-day volume-weighted average share price of PSA as of February 13th, 2017 (pre-leak of February 14th, 2017)
2. Based on fully diluted number of shares outstanding of 907 MM shares PF exercise of all outstanding 2014 warrants

# PSA Preserves Financial Flexibility

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- **Total impact on net cash position of €(1.2) Bn**
- **PSA pro forma 2016A net cash position of €5.7 Bn<sup>(1)</sup>, leaving ample headroom for further profitable growth opportunities internationally**
- **PSA pro forma transaction 2016A financial security at €16 Bn<sup>(1)</sup>**
- **Pensions issue addressed, pension benefit obligations fully funded by General Motors at closing**

# An Attractive Transaction for PSA Shareholders

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- **Opel / Vauxhall Automotive acquired for €1.3 Bn**

- 7.6% 2016A Revenue

- **c. €1.2 Bn working capital optimization opportunity**

- **Run-rate synergies of c. €1.7 Bn by 2026E**

- Front-loaded realisation: c. 65%+ by 2020E



**After-tax net present value of synergies of c. €9 Bn<sup>(1)</sup>**

- **FinCo acquired at 0.8x Book Value with increased profitability improvement potential through partnership**

**Note**

1. NPV based on 10% WACC and 0% PGR, including €1.2 Bn working capital optimization fully materialized by 2022

# Next Steps / Contemplated Timetable

## Key Approvals

- PSA and GM Supervisory Boards unanimously approved the transaction
- PSA Holding works councils approved the transaction
- Customary anti-trust and regulatory approvals
- Warrants issuance subject to shareholders' approval at PSA EGM
  - Core shareholders (FFP/ EFP, French State, DFM) undertakings to vote resolution<sup>(1)</sup>
  - In the event the issuance is not approved by PSA's EGM, PSA will settle the €0.65 Bn in cash over 5 years

## Key Milestones

- May 10<sup>th</sup>, 2017: PSA EGM
- Q4 2017: Expected closing

## **Appendix: Additional Materials**



# GME to Opel / Vauxhall Contributed Entity Walk-Through (Excluding Financial Services)

Pro forma adjustments: distribution agreements of Cadillac/  
Chevrolet brands in Europe, carve-out of excluded activities,  
standalone costs

€MM <sup>(1)</sup>

	<b>GME</b>
<b>P&amp;L items</b>	<b>2016A</b>
<b>Revenue</b>	<b>16,915</b>
<b>EBITDA (pre-restructuring costs)</b>	<b>324</b>
<i>% margin</i>	1.9%
<b>D&amp;A</b> <sup>(2)</sup>	513
<i>% revenue</i>	3.0%
<b>ROI</b>	<b>(189)</b>
<i>% margin</i>	(1.1%)
<b>Restructuring costs</b>	(43)
<b>EBIT</b>	<b>(232)</b>
<i>% margin</i>	(1.4%)
<b>CF items</b>	
<b>Capex</b>	<b>(1,041)</b>
<i>% sales</i>	(6.2%)
<b>BS items</b>	
<b>Inventories</b>	
<i>% revenue</i>	

**Contributed Perimeter  
Standalone** <sup>(3)</sup>

	<b>2016A</b>
<b>Revenue</b>	<b>17,743</b>
<b>EBITDA</b>	<b>230</b>
<i>% margin</i>	1.3%
<b>D&amp;A</b>	511
<i>% revenue</i>	2.9%
<b>ROI</b>	<b>(282)</b>
<i>% margin</i>	(1.6%)
<b>Restructuring costs</b>	(43)
<b>EBIT</b>	<b>(325)</b>
<i>% margin</i>	(1.8%)
<b>CF items</b>	
<b>Capex</b>	<b>(1,035)</b>
<i>% sales</i>	(5.8%)
<b>BS items</b>	
<b>Inventories</b>	<b>2,520</b>
<i>% revenue</i>	14.2%

<b>ROI %</b>	<b>2016A</b>	<b>2020E</b>
	(1.6%)	Positive
<b>IFRS</b>	[Hatched Box]	2.0% <sup>(4)</sup>

**Notes**

1. EUR / USD 2016A FX rate of 1.1060
2. Excluding R&D amortization as per US GAAP standards
3. Based on contributed entity (pro forma derived from GME accounts in US GAAP & adjusted to perimeter of transaction)
4. Subject to full review of IFRS – US GAAP differences

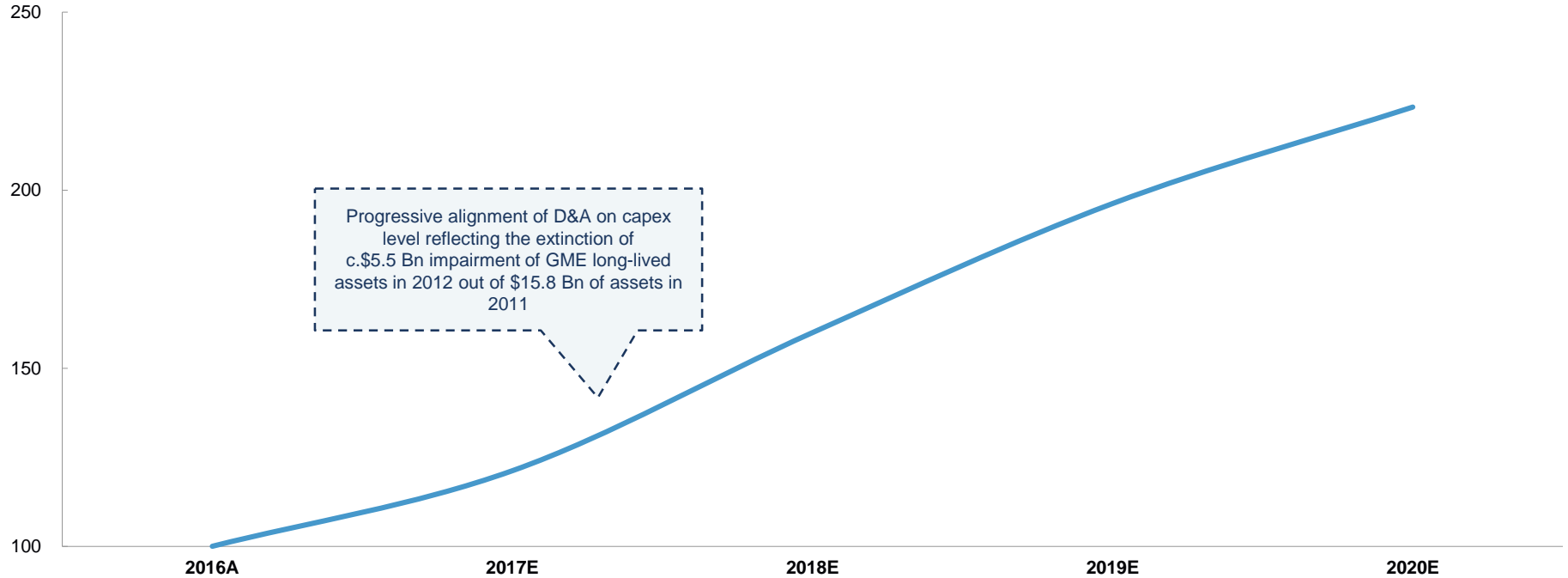
# Considerations on R&D Accounting: US GAAP vs IFRS

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- **R&D is fully expensed in GME accounts under US GAAP**
  - Opel / Vauxhall R&D expenses amount to €1.4 Bn in 2016
- **Under IFRS, PSA capitalizes part of gross R&D spending**
  - Historically the capitalization rate has been of 40% in average
  - The R&D capitalized recognised in intangible assets is amortised from the start-of-production date, generally 2 years after the accrual, over the asset's useful life (representing up to 7 years)

# Opel / Vauxhall D&A Trajectory<sup>(1)</sup>

Rebased to 100



**Note**

1. Excluding R&D amortization as per US GAAP standards

# PSA's Recent International Developments

PSA will continue to pursue its international expansion and diversification strategy

## India

- Signed a JV agreement with CK Birla Group to produce and sell vehicles and components in India by 2020E
  - Joint investment of c. €100 MM
- Recently acquire Ambassador brand in India from Hindustan motors

## China

- Strongly positioned in China – 736k units in 2015A, 1 MM units mid term target
- Successful partnership with Dongfeng Motors
  - Joint development of electric Common Modular Platform
  - Will deliver a worldwide offering of all-electric, high-performance B and C segment vehicles from 2019E
- JV with China Changan Automobile Group
  - Production plant and R&D center in Shenzhen

## Latin America

- Investing in LCV business
- €320 MM investment in Argentina on a new platform

## Middle-East, Africa

- New PSA plant in Morocco under construction
- Local footprint through partnerships to access closed markets