

**MAZARS**  
61, rue Henri Regnault  
92400 Courbevoie  
S.A. à directoire et conseil d'administration  
au capital de € 8.320.000  
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

**ERNST & YOUNG et Autres**  
Tour First  
TSA 14444  
92037 Paris-La Défense Cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**Peugeot S.A.**  
**STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

**Year ended December 31, 2017**

To the Annual General Meeting of Peugeot S.A.,

**Opinion**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Peugeot S.A. for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Finance and Audit Committee.

**Basis for Opinion**

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of this report.

## ***Independence***

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (code de déontologie) for statutory auditors.

## **Justification of Assessments - Key Audit Matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## **Valuation of investments in subsidiaries (Notes 1.B and 5 to the financial statements)**

### ***Identified risk***

As at December 31, 2017, the net carrying value of the investments in subsidiaries in the Peugeot S.A. financial statements amounts to € 18,311 million, equivalent to about 80 % of the total of the assets.

At their entry date, they are stated at acquisition cost after legal revaluation when necessary. **When the** value in use of an investment is less than the net book value, a provision for depreciation is recorded for the difference.

As indicated in Note 1.B to the financial statements, the value in use of investments is generally determined by the Company based on the economic value of the consolidated shareholders' equity of the business they represent or, where this is not available, on the share of equity calculated in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

The estimated value in-use of some investments is based on complex valuation models, in particular for subsidiaries that hold other subsidiaries, and requires management judgement for the determination of the cash-flow assumptions.

Due to the significance of the investments in the balance sheet, the complexity of the valuation models used and their sensitivity to data and assumption changes, we have considered the investment valuation as a key audit matter.

### ***Our audit approach***

Our work consisted mainly in:

- Acknowledging elements justifying the valuation method and the figures used by Management to estimate those values ;
- Comparing the cash flow projections used by the Company with the last operational forecasts prepared by Management for a comparable period;

- Comparing the data used when performing impairment tests on investments with the source data per subsidiary and the results of audit works thereon.
- Verified, on a test basis, the arithmetical accuracy of the value in-use determined by the Company

## **Verification of the Management Report and of the Other Documents Provided to the Shareholders.**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

### ***Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements***

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Managing Board's management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

### ***Report on corporate governance***

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*code de commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

### ***Other information***

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## **Report on Other Legal and Regulatory Requirements**

### ***Appointment of the Statutory Auditors***

We were appointed as statutory auditors of Peugeot S.A. by your Annual General Meeting held on May 25, 2010 for Mazars and on May 31, 2011 for Ernst & Young et Autres.

As at December 31, 2017, Mazars was in the thirteenth year of total uninterrupted engagement and Ernst & Young et Autres in the seventh year.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Finance and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Managing Board.

## **Statutory Auditors' Responsibilities for the Audit of the Financial Statements**

### *Objectives and audit approach*

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Report to the Finance and Audit Committee*

We submit a report to the Finance and Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Finance and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Finance and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Finance and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris La Défense, March 12, 2018

The statutory auditors  
*French original signed by*

MAZARS

ERNST & YOUNG et Autres

Thierry Blanchetier

Jérôme de Pastors    Laurent Miannay

Ioulia Vermelle